Daily Report

Latin America

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FBIS-LAT-95-183 *21 September 1995*

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Cuba

Addition to Analyst Discusses Political Reform

PA2009211195

The following provides additional material to the excerpted item headlined "Chief Party Analyst Discusses Political Reform" published in the 18 September Latin America DAILY REPORT, page 3:

Column two, sixth paragraph, first sentence reads: [Passage omitted includes review of Cuban economic development] [Funes] How do the economic changes affect the average Cuban citizen? We had the chance to read a series of reports written by LA PRENSA GRAFICA a couple of weeks ago. One of these reports was on the testimony of Salvadoran businessmen who visited Cuba and of Cubans who reside El Salvador. It gave the impression that the changes are one thing; the social and economic benefit derived from such changes another. For example, a Salvadoran businessman commented in this report that the streets are desolate, there is no fuel, not many vehicles are circulating, in fact the vehicles are old, they are this year's models [as heard], and the houses show obvious signs of deterioration. How is the process of economic changes affecting the family income, the economy of the average Cuban, and his social welfare?

[Regalado] One thing must be borne in mind: Our situation is doubly dramatic, not only because of the impact it has on the population but because of the benefits the people no longer receive.

I have travelled throughout this continent and have been to many places. There are people who live in truly infrahuman conditions. However, they have a certain level of aspiration that is in line with what they have been exposed to up to that moment in their lives.

For example, if you have a country and you provide 100 percent electricity to it and distribute television sets, radios, refrigerators — I repeat: electricity, jobs, and houses for everyone — you will see that people get used to a high standard of living. The Cuban population had one of the highest standards of living for the average citizen. Consequently, the fact that this is a situation that has reverted is a factor that hurts much more. It is harder for those who had something and lost it than for those who never had anything.

The Cubans' standard of living has dropped by 40 percent in recent years. It is a relatively high figure. Actually, it is not a relatively but a truly high figure. So the fact that the standard of living dropped means that the Cuban revolution accumulated all it did, and thus increased that standard of living to the levels it reached. In spite of such drop, social peace and tranquillity prevails, in Cuba.

We work to guarantee the basic things. Not a single school, hospital, or day-care center has been closed in Cuba. No one dies of hunger or for lack of medical attention in Cuba. We cannot deny that there are degrees of difficulty. There is a deterioration of the city's image and the vehicles. There are daily tensions and all citizens experience them. That cannot be denied, cannot be hidden, but we are working in two directions: We are trying to do as much as possible to maintain the network of protection that the state can offer citizens, and guarantee them basic food and clothing; at the same time, we are trying to create opportunities for them, opportunities such as the farmers' market or possibilities such as self-employment, which is a way to help, a way to fill a vacuum that exists right now.

To deny that the situation is difficult and complex would be tantamount to trying to block out the sun with one hand. We are doing everything possible to make this situation as short as possible. It is accurate to say that the country's economic development levels are no longer dropping and that these levels began to rise last year. This means that we are going in a positive direction. However, the growth noted is not enough to allow us to say that we can solve the consumption problem. That cannot be solved in the short term.

[Funes] What is Cuban income per capita?

[Regalado] It ranges between 120 and 200 pesos per month.

[Funes] What does that mean in dollar terms?

[Regalado] In terms of dollars it is a false comparison. If the idea is to find a black market indicator for what the dollar value of the peso is, I could say, [pauses] I do not know. That keeps oscillating a lot. Perhaps 20 to 21. But it is deceitful to say that if I earn 200 pesos and the exchange rate is 20, I am earning this or that in dollars. That is a fallacy, because although it is true that a Cuban has the possibility — or perhaps the need — to gain access to the dollar market to guarantee that he will obtain certain products that are scarce, it is also true that he does not pay for any health or education services. In addition, he pays just five, six, or seven pesos per month for housing. He also has a series of products guaranteed to him through the state distribution system, and he pays for all this in Cuban pesos. Thus, I think it is a joke to say that if the dollar is at 20 to one and I earn 200 pesos, I am earning $1 or $2 dollars. No. It is, however, an aspect that causes tension, of course. It is an important element because there are products that are scarce and can only be obtained with dollars or

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through a transaction such as an exchange at 20 or 25 to one. It is an aspect that is a burden, a big burden, and what I mentioned before is a joke.

[Funes] Well, even if it is a joke or a fallacy, my question is: What will happen to the average Cuban when products manufactured in countries with which Cuba has trade agreements begin to enter the country? You said that so far the state guarantees these products, but there are products that are not indispensable but are still consumer goods. Perhaps, the average Cuban wants that product but cannot paid for it.

[Regalado] We are working on a financial policy. Well, it is an economic policy in general, not just a financial one. This policy is aimed at the convertibility of the peso. We think we will be able to attain the convertibility of the peso on a date that cannot be too far away. In this way, the average citizen will have full access to the market.

[Funes] You said that although the indicators have shown a 40 percent deterioration in the standard of living as a result of the circumstances you are going through — the economic blockade, the elimination of the market with East Europe and the former Soviet Union — no one dies, in Cuba, for lack of health or medical attention. And everyone gets an education. However, there are social problems that when they are explained, sociologically speaking, are attributed to a low level of human development and low social indicators. This is the case of prostitution. How can you explain the prostitution problem?

[Regalado] In this case, a person does not need to engage in prostitution in order to survive. No one needs to engage in prostitution in order to live. Health, education, housing, and food are all there. Those engaging in prostitution are persons who want to have a higher standard of living. They are people who want a certain kind of clothing, activities, travel, etc. and who do not have it have not got it guaranteed to them. Then, they use prostitution as a way to get what they want. Everyone does with his life as he sees fit. But as a social problem, it is not true that there is a need to engage in prostitution in order to eat, or in order to support a child.

[Funes] During this interview.... (picking up first paragraph of excerpt published as referent DAILY REPORT item)

Havana, London Sign Cooperation Agreement

PA2109004695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Sep 95

[From the "NTV Newscast"]

[FBIS Translated Text] This afternoon, Commander in Chief Fidel Castro attended the signing of an agreement between Great Britain and Cuba. The ceremony was held at Palacio de la Revolucion, and the agreement was signed by the British minister of Science and Technology [title as heard], Ian Taylor, and Ernesto Melendez, Cuban Minister of Foreign Investment and Economic Cooperation. This agreement establishes the basis on which the Commonwealth Development Corporation, CDC, will contribute to the implementation of investment projects in our country.

This step is significant because it sends a signal to British investors that Cuba offers investment possibilities and opportunities to British businessmen on Cuban soil.

The CDC will grant loans and invest in social capital in the projects that interest it the most. It will also provide technical, administrative, and consulting services, as well as training for Cuban personnel.

[Begin recording] [Melendez] Minister Taylor, who was recently appointed, is giving us a new opportunity with this visit. He has been able to learn firsthand about the work being conducted in our research facilities by our scientists and research workers. We are confident that this visit will pave the way for new opportunities in our bilateral relations.

[Taylor, in English] Sir Minister, thank you very much indeed for the work that you have done, and I am delighted that this is yet another step forward in the process of very important developments of British-Cuban relations and the prospect of British businessmen taking advantage of the progress that is being made here in economic reform. Thank you very much indeed. [applause] [end recording]

Castro Notes 'Satisfaction' With Ties

PA2009230895 Havana PRENSA LATINA in Spanish 0109 GMT 20 Sep 95

[FBIS Translated Text] Havana, 19 Sep (PL) — During a reception offered by the British Embassy in this capital, Cuban President Fidel Castro today stated his satisfaction with the strengthening of economic ties between Cuba and Great Britain.

Castro told PRENSA LATINA that the visit of Minister of Science and Technology [as received] Ian Taylor

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takes place at the same time as "the approval of a new law on foreign investments, and demonstrates the interest of the British Government and companies to invest in Cuba."

The Cuban president stated his confidence in the improvement of relations between the two nations and added that Taylor is the first ranking official to visit the island after the approval of this legislation by the Cuban parliament.

Taylor referred to the changes noted since his last visit a year ago.

Taylor said that he had seen changes in Cuba and that this was exactly the reason why he decided to return. Taylor also predicted a great flow of investments by British companies toward Cuba.

During talks held by Fidel Castro and Taylor, Castro remarked that Cuba has the resolve to do things, but it has much to learn.

To this effect, he emphasized that Great Britain has been at the vanguard in many areas of science and world technology.

Havana, Banjul Sign Cooperation Agreement

PA2009165495 Havana PRENSA LATINA in Spanish 0040 GMT 20 Sep 95

[FBIS Translated Text] Havana, 19 Sep (PL) — Gambian Foreign Minister Baboucar Jagne said today in Havana that he is pleased by the opportunity to correct the misguided policy toward Cuba of the previous government of his country.

Jagne made those remarks following the signing of a document for the creation of a ministerial commission on economic, scientific, and commercial cooperation between Havana and Banjul during a ceremony held at Cuban Foreign Ministry headquarters.

"The world must know the magnitude of the work Cuba is conducting, since it is a developing country with major breakthroughs in genetic engineering, something that must make the Third World proud," the diplomat noted.

After signing the agreement, Foreign Minister Roberto Robaina said he was pleased by the current course of relations between the two nations, and noted that the visit by the African delegation strengthened bilateral ties.

The agreement establishes multilateral cooperation in different sectors such as health, education (training and development of human resources), agriculture, fisheries, and construction (infrastructure for development).

Gambia is a small country located in western Africa with a population of 900,000 persons. Its main sources of revenue are tourism and agriculture.

Gambian Ruling Council Official Visiting

PA2009134095 Havana PRENSA LATINA in Spanish 1909 GMT 19 Sep 95

[FBIS Translated Text] Havana, 19 Sep (PL) — Captain Edward David Singhateh, vice chairman of the Armed Forces Provisional Ruling Council of Gambia, met in this capital today with Juan Almeida Bosque, vice president of the Council of State of Cuba.

The Cuban delegation was represented also by Jorge Bolanos, first vice foreign minister, and Ernesto Melendez, minister of foreign investment and economic cooperation. External Affairs Minister Baboucar Blaise Jagne was also part of the visiting delegation.

Previously, the African mission lay a floral wreath at the statue of national hero Jose Marti in the city's central plaza.

The first activity of the vice chairman of the Armed Forces Provisional Ruling Council of Gambia and defense minister, who arrived in Cuba yesterday, consisted of touring the Hermanos Ameijeiras Hospital where he learned about the operation of the most important Cuban medical assistance center.

The delegation then visited the Foreign Investment and Economic Cooperation Ministry where it was briefed on the law on foreign investment recently approved by the Cuban parliament.

Views Expanding Ties

PA2009190295 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Sep 95

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] A Gambian delegation, headed by Captain Edward Singhateh, vice chairman of the Armed Forces Provision Ruling Council, will stay in Havana until Wednesday [20 September] for the purpose of promoting and expanding relations between Cuba and The Gambia.

[Begin recording] [Singhateh in English] [Words indistinct] sent as a special envoy by my head of state and chairman of the Armed Forces Provisional Ruling Council of the Republic of The Gambia, with a special message to his (?brother) and colleague Dr. Fidel Castro, and to further consolidate and cement relations between our two countries. As sovereign states, we want to make sure that we keep our friends that we have and find new

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friends, in the interest of our people and the people with whom we are seeking friendship. [end recording]

The Gambian delegation comprises the foreign and agriculture ministers, who also met with their Cuban counterparts. Although Cuba and The Gambia established diplomatic relations in 1979, they were barely developed by the previous Gambian Government. Hence, the importance of this delegation, which is being escorted by Vice President Juan Almeida Bosque.

Visiting Vietnamese Minister Views Cooperation

PA2009132495 Havana PRENSA LATINA in Spanish 1247 GMT 19 Sep 95

[FBIS Translated Text] Havana, 19 Sep (PL) — During his visit to the eastern province of Granma, Vietnamese Agriculture and Food Industry Minister Nguyen Cong Tan highlighted the prospects of cooperation between his country and Cuba in, among others, the rice sector.

The minister, who is also president of the intergovernmental commission of economic and scientific-technical cooperation between the two countries, said he sees signs of recovery in Cuba's economy and an improvement in the living conditions of its inhabitants.

He said his current visit to the island, to attend a meeting of the aforementioned commission, is for the purpose of studying the progress of bilateral ties and to define the common objectives with a view to the coming years — according to a dispatch of the National News Agency.

During his tour of Granma Province, the visitor toured rice plantations, plantain cultivation areas, a shrimp farm, and the Demajagua National Park, which was the scene of the independence struggles on 10 October 1868.

He was accompanied by Alfredo Jordan Morales, Cuban agriculture minister; Amado Hamut, first secretary of the Communist Party of Cuba in Granma province; and Jose Antonio Leyva, president of the Provincial Assembly of the People's Power (government organization).

As part of his visit to Cuba, Nguyen Cong Tan has visited places of socioeconomic interest in Havana Province. He is going to visit the eastern part of Holguin and the special municipality of the Isle of Youth, south of the capital.

Mexican Foreign Secretary To Begin Visit

PA2109022795 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Mexican Foreign Secretary Jose Angel Gurria arrives today in Cuba in response to an invitation by Cuban Foreign Minister Roberto Robaina.

During his stay in our country, the head of Mexican diplomacy will carry out an intensive agenda of activities that includes visits to sites of economic and social interest, thus contributing to the strengthening of traditional relations between the Cuban and Mexican people.

Minaz Announces New Improved Combine

PA2009001495 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Sep 95

[Report by Fernando Sanchez, from the "National Radio News" newscast]

[FBIS Translated Text] The 1st of January industrial complex in Ciego de Avila Province is one of the 10 entities that will use the improved KKP-2M combine harvester, which will be produced on the 60th anniversary of the Revolution in Holguin Province, during the upcoming harvest. Fernando Sanchez offers the details.

[Begin Sanchez recording] Nelson Torres, member of the Politburo and sugar industry minister, announced that 245 machines of this type will be used in the upcoming national sugarcane harvest. At a work meeting in Ciego de Avila, Torres referred to the ample benefits of this machine — among the most prominent being a reduction in manufacturing cost of approximately $30,000 dollars, its high technical efficiency, and its production potential, which is double that of current combines. According to Nelson Torres, because of this, the KKP-2M combine harvester will be decisive in the Minaz's [Ministry of the Sugar Industry] efforts to reduce the current number of harvesters in the country by half without affecting its harvesting capacity, which will result in significant savings to the Cuban Economy as regards large numbers of spare parts, fuel, and other resources. [end recording]

Dissident Demands Treatment as Political Prisoner

PA2009190195 Mexico City NOTIMEX in Spanish 2309 GMT 19 Sep 95

[FBIS Translated Text] Havana, 19 Sep (NOTIMEX) — Dissident Francisco Chaviano asked Cuban authorities to be treated as a political prisoner, which is different from the treatment of common inmate he receives at the

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Combinado del Este prison, sources close to Chaviano have stated here.

Chaviano, sentenced last April to 15 years in jail for forging and revealing secret State Security documents, is permanently held in locked places, his wife Ana Aguillilla charged on Tuesday.

The 42-year-old activist is holding "increasingly heated" discussions with his custodians, according to an Aguililla report carried by the foreign press in Havana.

A written statement by the outlawed National Council of Civil Rights in Cuba based on Aguililla's comments noted that the prisoner has gone on a hunger strike but did not mention the date he started it.

According to the statement, Chaviano "is being forced to lead the life of a common prisoner and utter progovernment slogans — something he adamantly refuses to do."

Roundup of Sugarcane Industry Activities

PA2009143295

[FBIS Editorial Report] The following is a compilation of reports on sugarcane industry activities in Cuba monitored through 20 September.

Sugarcane cutters, millionarios [million-mark achievers in sugarcane cutting activity], and personnel delegates are holding meetings prior to the sugarcane harvest. Such preparatory meetings and short-term loans at an interest of from 15 to 18 percent have boosted Cuba's sugarcane production. The struggle is now to convert the sugarcane into sugar. Pedro Ross, secretrary general of the Cuban Workers Federation, CTC, made the following comment on the issue: "We would have 50 percent more resources than we have today if we had the billion [no currency given] that we did not get due to low sugarcane production." The CTC and its affiliates will assign almost 50 percent of the sugarcane cutters for the next harvest. The sugarcane cutters are willing to continue their high-quality work and the CTC will ensure that they are given adequate attention. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 13 Sep 95)

Cuban Sugar Industry (Minaz) Minister Nelson Torres attended a broad meeting with Minaz and Communist Party personnel in Ciego de Avila, to prepare for the upcoming sugarcane harvest. They discussed and approved measures related to this activity, including the total elimination of the burning of sugarcane plantations. Sugarcane will be cut manually, and new areas will be rehabilitated. Torres called on workers to estimate sugarcane yields in a responsible manner and sugar mill personnel to verify and correct the cane juice extraction process in an effective manner. He also instructed Minaz personnel in Ciego de Avila to control and promote the planting of sugarcane during the cold season. (Havana Radio Rebelde Network in Spanish 1700 GMT 15 Sep 95)

The Brazil Sugar Mill processes the greatest amount of sugarcane in Camaguey Province. Workers are positive about the work to be done and are diligently repairing machines to ensure that this year, production will be five times greater than last year. The Brazil Sugar Mill will be ready to start operations between the 15 and 20 November. In Santa Clara, the Minaz electromechanical workshops technicians are very busy repairing 1,500 electrical motors, as well as transformers, coils, alternators, and starter motors, to be used at sugar mills and collection centers during the upcoming sugarcane harvest. An unidentified shop worker says: "We have the necessary material for the repairs that must be done before the sugarcane harvest. We are working on this and have already extended our working days to be able to repair the more than 380 motors that must be ready by 15 December, the approximate date for most of the sugar mills to begin operations." Workers in this province also repair the communication equipment that will be used during the sugarcane harvest. In this respect, an unidentified official noted: "Although it seems trivial, both the radio and telephone communications of Minaz are vital because we need to relay daily information on the sugarcane harvest from the UBPC's [Basic Cooperative Production Units] to the CAI's [Industrial Automation Center] and from the latter to the Minaz offices to keep control and tabs on the entire harvest." (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 Sep 95)

Santiago de Cuba, which is the best sugarcane harvesting province in the country and also the first in sugarcane planting — as it planted 14 percent more than the amount required by the program — has requested 8,000 mobilized workers for the next harvest. This is a big problem because each mobilized worker costs the UBPC [Basic Cooperative Production Unit] 35 pesos a day plus room and board, and with such expenses the harvest is less profitable. The UBPC requires manpower, and workers come to the UBPC to obtain added revenues. It is, thus, important that the UBPC be as profitable as possible. (Havana Radio Rebelde Network in Spanish 1155 GMT 18 Sep 95)

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Haiti

Aristide Speaks on Anniversary of Intervention

PA2009233395 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Haitian people have left the shadow of death so that the light of life can shine on their path, Jean-Bertrand Aristide stated on the first anniversary of the landing of the allied forces that brought him back to power after he had spent three years in exile following a military putsch in September 1991.

That is a way for the head of the executive branch to remind people of the numerous violations of human rights committed during the coup d'etat period. Before 19 September 1994, the bodies of persons killed by the military were eaten by dogs and pigs, according to Jean-Bertrand Aristide, who did not conceal his satisfaction at totally ending the repressive machanisms in the country.

According to the head of state, the Haitian people welcomed the international community with open arms, because they had no difficulty differentiating between their benefactors and the pseudo-nationalists who were terrorizing them through the force of arms.

Jean-Bertrand Aristide congratulates the Haitian people for their intelligence as follows:

[Begin Aristide recording, in Creole] On 19 September of last year, instead of chasing away the international community, they opened their arms to welcome them, because they made a distinction between those who are helping them fight criminals and those who pretend to be nationalists — but who are false nationalists — so they can harm the people with weapons.

As for me, I believe all democrats must respect the will of the people among whom they are living. It is in this spirit that I personally take this opportunity to not only show my respect for the Haitian people but (?also) thank them for their intelligence, for their wisdom that allowed them to differentiate between (?false) democrats and (?true) democrats, false nationalists and (?true) nationalists. [end recording]

As I said a moment ago, according to President Aristide, before 19 September 1994, people killed by the military were eaten by dogs and pigs. Aristide congratulated the interim police and national police as well, for having contributed to reducing the climate of insecurity throughout the country.

It must be pointed out that no official demonstration marked this day yesterday in Port-au-Prince; neither were there any decorations by the military command of the UN Mission in Haiti [UNMIH]. I remind listeners that UNMIH took over from the multinational force on 31 March 1995.

On the occasion of this anniversary, the United States, main architect of this landing, says it should be necessary to know whether the people are satisfied instead of expressing their satisfaction...[pauses] Sorry, instead of explaining their satisfaction. However, Mr. Stanley Schrager, spokesman for the U.S. Embassy in Port-au-Prince, stated that contrary to the coup d'etat period, the people can now sleep in peace, which serves as proof that repression has been markedly reduced. According to him, the intervention was necessary.

Further on 19 Sep Anti-Privatization Demonstration

PA2009233295 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"; passages within slantlines in Creole]

[FBIS Translated Text] There was a demonstration against the privatization of state-owned enterprises yesterday in Port-au-Prince. At the initiative of the Anti-Privatization Group [Collectif Anti-Privatisation], several people's organizations demonstrated yesterday in the streets of Port-au-Prince in order to express their disagreement with the plan to privatize state-owned enterprises. The country is not for sale, chanted the demonstrators — who threatened to necklace anyone thinking of selling any of the state-owned enterprises.

They burned tires near the General Directorate of Taxes to show their anger against the authorities, especially Prime Minister Smarck Michel; Mr. Leslie Delatour, governor of the Central Bank; and Finance Minister Marie-Michele Rey. They accused them of being the main actors in the process of privatizing state-owned assets.

Slogans were also chanted against the IMF and the presence of Americans in the country since 19 September 1994. Let us listen to a number of demonstrators before Signal Radio's microphone:

[Begin recording] [Demonstrators, chanting] /Give me the country, Delatour. Down with Delatour. Give me the country, Delatour. Down with Delatour. Give me the country, Delatour. Down with Delatour. Give me the country, Smarck Michel. Down with..../

[Unidentified journalist] /Why are you demonstrating?/

[Unidentified demonstrator] /You know today makes one year since the Americans landed in the country. This landing of Americans...[pauses] We believed that with the return of President Aristide [rephrases] we thought

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President Aristide would have the possibility, would have enough power to satisfy the people's demands, but until now, although the people fought, they are still experiencing a high cost of living; they still have children asking them to go out and demand justice for all the children of the masses who died during the coup d'etat and to demand [words indistinct] the IMF has set against the people.

/Normally, our true problem...[pauses] The objective of today's demonstration is to ask [words indistinct]. State-owned enterprises must not be sold to the private sector. The government must actually manage state-owned enterprises. We ask for justice in favor of the Haitian people.

/From 1986 until now, the Haitian people have never had justice. We say the Haitian people must have justice, and they must mobilize so they can have justice./ [end recording]

Let us point out that at least six of the demonstrators were apprehended by elements of the national and interim police. According to a member of the committee organizing this demonstration, these arrests were made under the pretext that these demonstrators illegally had teargas in their possession.

Spokesman Warns Against Violent Demonstrations

PA2009233195 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] There must not be violent demonstrations, warns Jean-Lionel Trecil, spokesman for the interim police force. Reacting to the demonstration staged by a number of people's organizations yesterday, Trecil says he disapproves of any demonstrations marked by violence.

However, Lieutenant Trecil acknowledged the right of Haitians to stage peaceful demonstrations. According to him, the interim police will forbid the burning of tires at any demonstrations throughout the territory of the Republic.

[Begin Trecil recording, in Creole] The message we are sending is that the police do not forbid people to hold demonstrations but do not tolerate other things involved in the demonstrations. So, we have issued a warning so there will be no disorder during the next planned demonstration, especially so tires will not be burned. [end recording]

Ex-Senator Conditions Support for Privatization

PA2009232895 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] Former Senator Serge Joseph, one of the members of the 45th legislature, has given his opinion concerning the privatization issue, which has been widely talked about in the country. Mr. Joseph said: I would be in favor of privatization if it could contribute to helping the state with its needs; this privatization is going to create many difficulties for the country.

In return, he said, the country needs the state-owned enterprises very much, so it can exist, so that there can be a worthy government in Haiti, according to Serge Joseph. [passage omitted]

Election Official: Vote Counting Has Begun

PA2009233095 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] After the elections, the next step is the vote counting. The idea of beginning the counting of ballots in two centers set up by the Provisional Electoral Council at the National Society of the Industrial Park and Toussaint Louverture Public High School is already being discussed.

Various Communal Electoral Offices in the [Department of the] West have already brought the voting materials to Port-au-Prince in order to facilitate verification by officials of the Departmental Electoral Office of the Department of the West, before the final count of the Provisional Electoral Council — Donald Dorsainvil, member of the office, explained.

The date set for the publication of the results of the second round — 28 September — will be respected. [passage omitted]

Conacom's Benoit Terms Elections 'Masquerade'

PA2009232995 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The National Congress of Democratic Movements [Conacom] has congratulated itself on the refusal expressed by the majority of the Haitian people to accept the so-called second round of elections.

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According to Victor Benoit, the reaction of the people to this electoral masquerade is the irrefutable proof that the Haitian people do not want to vote for a parliament whose first objective is supposedly to ratify the demagogic policy of privatizing the state-owned enterprises.

Conacom leaders have explained the reasons for the failure of last Sunday's ballot.

[Begin Benoit recording, in Creole] First, we explain it with the fact that the Haitian people are aware that they cannot, today, allow demagoguery. They are in a confused situation. They see that only one political group, only one political sector, participated in the elections. So, the Haitian people abstained from voting, following the watchword launched by the political parties.

Now, I would like to make two other observations. It is that...[pauses] We are going to say...[pauses] We are telling the Haitian people that the people they are going to appoint — because there were no elections on 17 September; It was truly appointments — will have no legitimacy. They will be illegitimate parliamentarians because everybody, anyone who respects democratic principles, knows that in order to be legitimate the people must vote for them and give them a vote of confidence. This is what legitimacy means. [end recording]

Canadian Troops To Begin UN Peacekeeping Duties

LD2009162795 Montreal Radio Canada International in English 1330 GMT 20 Sep 95

[FBIS Transcribed Text] Canadian troops are arriving in Haiti to begin six months of peacekeeping duties. The first group of 30 Canadian soldiers left for Haiti yesterday. The others will be travelling to the Caribbean nation over the next few days. In all. 106 Canadian soldiers are being sent to Haiti to take part in the UN mission.

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Authorities Create Border Surveillance Group

PA2109005695 Mexico City LA JORNADA in Spanish 19 Sep 95 p 21

[Report by Jorge Alberto Cornejo and Antonio Heras]

[FBIS Translated Text] Tijuana, Baja California, 18 Sep — The municipal, state, and federal governments agreed today to create an interdisciplinary border surveillance group called Alfa that will operate near Tecate.

This measure stems from an increase of up to 38 percent in the number of Mexican migrants repatriated by the U.S. Immigration and Naturalization Service (INS) near that municipality due to Operation Guardian and an increase in the crime rate in the area.

Alberto Sandoval, deputy secretary general of the government of Baja California State, explained that in past months residents of Tecate Municipality have urged authorities to expand the activities of the Beta Group, which operates between the Tijuana-San Diego border and the border of Tecalito, California.

Tecate Mayor Pablo Contreras formally asked Fernando Solis, commissioner of the IMN [National Migration Institute], a month ago to create the Alfa border surveillance group at Tecate during the presentation of the first annual report on the activities of the Beta Group in Tijuana.

The agreement was signed this morning at government headquarters, and the ceremony was attended by representatives of the three levels of government and by members of independent human rights organizations.

Alfa, which should be operational in under 30 days, will be made up of five agents of the Federal Immigration Police, five agents of the Baja California State Judicial Police, and five agents of the Public Security Directorate.

Businessmen Confident of Economic Recovery in 1996

PA2009132595 Mexico City EL FINANCIERO in Spanish 18 Sep 95 p 28

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] Considered one of the most difficult years ever because of the mistakes of the devaluation crisis, the hopes of the Mexican private sector present a bleak picture that will not improve in 1996.

The numbers contradict many of the administration speeches: a 4.7 percent drop in GDP; almost a 50 percent inflation rate; 40 percent interest rates; an exchange rate that will close at 6.50 new pesos; and a trade balance that will report a surplus of $3.5 billion dollars.

Nevertheless, businessmen remain confident and speculate that the recovery process will begin at the end of next year: a 2 percent GDP increase with a mixed recovery.

Business Coordinating Council (CCE) President Hector Larios Santillan affirmed that the Mexican economy could conceivably recover in a short term, but "now, more than ever, it is important to regain the country's confidence."

Whereas, Juan Sanchez Navarro, a private sector ideologist, believes that even with the precarious condition of the economy, the perspectives for next year are good, although within certain limitations, as long as a "huge increase" is not expected.

The vice president of the Modelo Brewery Group said that greater government spending toward the end of 1995 could be an incentive for the creative task of generating jobs which also leads to investments in production.

Navarro warned that there must be political change, if not the economic situation could weaken.

CCE General Director Francisco Calderon denied that the economic outlook was uncertain: "We do have a serious political and economic problem. There is *unrest*, but if nothing occurs, of course there will be a recovery."

For Victor Manuel Diaz Romero, president of Confederation of Industrial Associations (Concamin), a real perspective for economic recovery during the rest of the year "is very difficult", because there is still no real hope of improving people's incomes.

Diaz expressed confidence that no more companies will fold. On the contrary, there is a possibility that new production companies will open if Mexico receives a "substantial amount" of foreign investments of millions of dollars due to its growth potential.

Regarding jobs, Diaz said that various housing construction projects to be initiated toward the end of the year will create approximately 350,000 jobs.

Moreover, Victor Manuel Terrones Lopez, president of National Association of Manufacturers (Canacintra), acknowledged that there are still some "obstacles" toward a full recovery, such as unemployment, high interest rates, and currency exchange problems. In addition, Terrones Lopez pointed out the need for a tax system which will foster investments.

Among the key instruments for achieving a recovery, Canacintra mentions the funds the government has yet

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to spend; a less restrictive monetary policy; and the reestablishment of production chains.

Moreover, Salvador Lopez Negrete, president of the National Chamber of Commerce (Canaco), said that in that sector, the recovery still presents a problem because that sector's recovery will only come after the consumer has recovered.

CNBV Official on Indicators of Economic Recovery

PA2009235295 Mexico City NOTIMEX in Spanish 0128 GMT 20 Sep 95

[FBIS Translated Text] Saltillo, 19 Sep (NOTIMEX) — There are indicators of an economic recovery in Mexico, remarked today David Penchyna Grub, director of the Attention to Users of the Financial System of the National Banking and Securities Commission (CNBV).

During a meeting with bank officials, debtors, and authorities from the state of Coahuila, the official stated that the Agreement for Immediate Support to Bank Debtors (ADE) gains new significance in light of these positive indicators.

The ADE is a program being promoted by the Mexican Government and bankers to restructure the problem of overdue portfolios that afflict local financial institutions.

Penchyna ruled out that the required letter of intent to begin restructuring the debts via the ADE constitutes "a gun to the head" or a "debt acknowledgment" and believes it is "an agreement of wills to renegotiate the debts."

Making a broad exposition of the ADE, which included questions and answers, the official admitted that it is necessary to offer additional information on the content of the agreement being implemented by the banking sector and the federal government to give support to debtors.

Penchyna said that there are plans to reform the Law of the Commission in order to facilitate more instruments to help the public, resolve disagreements, and reinforce the organization's position.

Martha Galicia, general director of the Investment Bank of the CNBV, noted that the banks have 30 different plans to restructure debts, and that the ADE seeks to benefit 7.5 million bank clients.

Galicia said that the country's total portfolio amounts to 618 billion new pesos, of which 68 billion correspond to the overdue portfolio.

Guillermo Torrescano Canseco, president of the Coahuila Banking Center (CBC); Rodolfo Ramos Villa and Miguel Angel Villarreal, leaders of "El Barzon" in that state; as well as businessmen and leaders of the chambers of the private sector participated in the meeting.

Penchyna's remarks agreed with those made by Business Coordinating Council President Hector Larios Santillan, who said that the Mexican economy will register an upsurge in 1996 with the anti-inflation control and fiscal savings.

Next year, the GDP will register an increase ranging between 2 and 3 percent compared to the 4.5-percent decline registered in 1995, added the official during a work trip through the state of Chihuahua.

Corn Imports Allowed To Exceed NAFTA Quota

PA2109024395 Mexico City EL FINANCIERO in Spanish 17 Sep 95 p 5

[Report by Lourdes Edith Rufino]

[FBIS Translated Text] Cattlemen and corn flour industrialists will be able to import 2.58 million tonnes from the United States without paying tariffs. This amount of corn exceeds the original tariff free quota set for this year in the North American Free Trade Agreement [NAFTA].

Industrial sources made that statement and explained that the Secretariats of Commerce and Industrial Development and Agrarian Reform, Agriculture, Livestock, and Rural Development (Sagar) made the decision following several weeks of negotiations that pitted the interests of corn producers, who will see the collapse of the original NAFTA system that gave them tariff protection for 15 years, against the interests of cattlemen and flour companies facing a corn shortage.

When asked about the matter, Luis Cardenas, president of the Sinaloa State Confederation of Agricultural Associations, and Victor Suarez, executive director of the Farm Produce Marketing Companies, rejected the measures and said they have not been officially notified.

Imports are expected to exceed the original quota by 1.5 million tonnes in order to be able to meet an annual import need of 4 million tonnes, Suarez said, adding that this situation becomes "terrible" for Mexican corn farmers, who will see an acceleration of the extinction process they are undergoing.

Cattlemen and industrialists said they will only purchase the necessary corn and will not seek to hoard or cause a drop in the price of the Mexican corn. They noted that the permit being granted now by the two secretariats will discourage the presence of middlemen unrelated to the sector who are playing the role of hoarders by keeping in the United States the quotas already established, since

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they are confident that the international price of the grain is going up.

Sagar's Deputy Rural Development Secretary Jose Antonio Mendoza explained that this is not a matter of strict competition, but, based on the communication that exists within Sagar, stated that "we are studying what (new) price levels must be guaranteed."

Mendoza said there is definitely a need to export above the NAFTA quota, because internal production went down this year. He warned that without the measure to eliminate the tariff on purchases that exceed the quota the country would face a shortage of supply in a few months. Paying a tariff of over 200 percent would be basically impossible for corn consumers.

No Speedy Employment Recovery Seen

95CA0398A Mexico City LA JORNADA in Spanish 14 Sep 95

[Article by Raul Llanos Samaniego: "Larios: Mexico Will Take 15 to 20 Years To Bridge Employment Gap" — received via Internet]

[FBIS Translated Text] Mexico will take 15 to 20 years to bridge the employment gap, said the president of the Business Coordinating Council (CCE), Hector Larios. He emphasized that this will be possible if there is sustained growth averaging eight percent of the gross domestic product (GDP) and if 1.5 million jobs are created each year.

Participating in a forum organized by the Mexican Institute of Finance Executives (IMEF), the top business leader in the nation mentioned that so far it has been impossible to solve the problem of unemployment. In 1995 alone, he noted, 2 million people will be added to the ranks of the jobless.

Larios Santillan told finance executives that according to figures from the Mexican Social Security Institute (IMSS), during the period from January to July of this year, 824,000 jobs were lost. He predicted that another 170,000 will be lost over the rest of 1995, which will mean a total of 1 million jobs lost.

"In addition, there are the jobs we must create for the young people who are joining the work force (PEA) year after year, who account for another 1 million."

"For that reason, to counteract previous damage, we must create a minimum of 1.5 million new jobs so that over the next 15 to 20 years, we can bridge the gap and generate the sources of employment that society needs," he declared.

The president of the CCE pointed out, however, that to fulfill this objective, the Mexican economy will have to grow at a rate of eight percent a year, and it must be sustained growth.

[Question] Will we have to wait eight years to attain those GDP growth levels as well?

[Answer] No, I think that percentage can be reached earlier if, in time, we are able to find a way to develop businesses better. I think that by the end of 1997, we will have a positive growth rate of approximately four to five percent. In 1998, we will be progressing at a rate of seven percent, and possibly by 1999 or 2000 we might reach an eight-percent growth rate.

The business leader indicated that there is an urgent need for the authorities to renew their efforts to contribute to a more effective solution to the daily problems faced by businesses, the economy, and society, since there are still many shortfalls.

In addition, he noted that the 1994 crisis "has created a feeling of despair and defeatism among all Mexicans. These perspectives should be turned into positive and optimistic attitudes so that we can move forward."

No Problem Paying Debt in 10 Years

During his speech, Hextor Larios mentioned that the Mexican economy has the potential to recover in the short term, and right now there are already signs of progress: Almost all of the Tesobonos in circulation have been paid off; and there will be no problem servicing the internal and external debts in the next 10 years.

Moreover, there is a surplus in the balance of trade and in the current account; the Bank of Mexico's international reserves stand at $15.1 billion; public finances are in the black; and monthly inflation is showing a clear downward trend, as are interest rates.

In citing the factors that will spur development, he mentioned international trade treaties, a considerable amount of foreign investment coming in as a result of NAFTA [North American Free Trade Agreement], and the possibility that Mexican businesses will regain part of the national market that they have lost.

And finally, the CCE leader stressed that the government is also responsible for creating the necessary environment to encourage investment for the establishment of new small and medium-sized firms, although he acknowledged that the authorities have always worked closely together to eliminate obstacles to private enterprise.

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Bartlett Political Abuses Alleged

95CA0395A Mexico City REFORMA in Spanish 7 Sep 95 p 7A

[Commentary by Miguel Angel Granados Chapa, journalist and citizen counselor on the Federal Electoral Institute's General Council: "Bartlett"]

[FBIS Translated Text] "A dog that has taken to eating eggs, even though they burn his snout" is a saying that is used (inoffensively because it is a metaphor) to describe obstinacy, the trait of the repeat wrongdoer who fails to change his ways under any circumstances, no matter how costly they turn out to be for him. The governor of Puebla, Manuel Bartlett, could be placed in this category. Among the several black marks on his political resume, his electoral escapades stand out: the unreasonable code drafted under his direction in 1986 and the defeat of the system in the July 1988 elections. And he has once again taken the road of electoral high-handedness in connection with the upcoming vote in his state.

He has campaigned for his party's candidates by handing out Procampo [Program for Direct Support to the Countryside] funds, in open contradiction to the increasingly widespread spirit of fairness, which is designed to prohibit the use of government programs as a propaganda tool. In doing so, he hides behind the letter-of-the-law argument that he is not violating any provision in Puebla's electoral or criminal codes. He is not, in fact, embezzling funds in the sense that he is using them for a purpose other than the intended one, but he is committing them to partisan ends.

This is unquestionably what he was doing last week when he spoke at Atlixco. After handing out Procampo checks to grateful peasants, Bartlett cautioned: "We have to struggle together during these difficult months so that the party that represents the masses in the state, the party of the peasants, holds on to its positions of leadership in the municipalities and the state congress." It was precisely in this district that last 30 April the PRI [Institutional Revolutionary Party] lost the special election for a federal deputy's seat, won by the National Action Party (PAN), which has filed suit against the governor for his actions.

Bartlett has set out indirectly to "teach a lesson" to a citizen counselor and member of the state council, whom his party is seeking to oust, even if through an intermediary. The reason is that the intended victim strove vainly to have the electoral rolls include a photograph of each voter, as other states have done (and as was the case in the aforementioned special federal election). A majority on the council rejected her proposal. But defeating the motion was not enough; her audacity seemingly needs to be punished as well. The pretext cited for doing so is ridiculous, thus illustrating the inability of the Puebla government to tolerate those whom it cannot control.

The principal in this matter, the outcome of which could adversely affect the electoral process if her rights are trampled, is citizen counselor Maria del Carmen Diaz Amador, who on 31 August was accused of committing a "serious offense" and is therefore subject to a trial that could end in her removal by the State Congress, which appointed her. Her crime is having attended, last April in Washington, an academic forum also attended by Mr. Gabriel Hinojosa, the president of the business change forum in Puebla. Hinojosa is currently the National Action Party's candidate for mayor of the Puebla capital, and the fact that the citizen counselor and he attended the event is the pretext for arguing that she has lost her independence as a citizen counselor.

The situation is serious for several reasons. One is the trivial nature of the action cited and the resulting disproportionate penalty that has been called for. Since when have citizen counselors been transgressing their duties by taking part in an academic gathering with party representatives? Moreover, Hinojosa was not a member of PAN, much less a candidate, at the time. Other participants, in contrast, were indeed members of the Puebla sections of other parties, such as PRI and the PRD [Party of the Democratic Revolution]. It is thus worrisome that six members of the council (the majority that made the decision to turn the matter over to the legislature, versus three who were opposed) were apparently more mindful of reasons of state than good sense, which involves properly gauging the nature of actions.

The impartiality of citizen counselors is a virtue and an obligation that must be practiced, and therefore can be demanded, in ruling on the matters that come before them as members of an electoral body. Being impartial does not require being neutral, because that would mean having to refrain from expressing one's views and even from casting a ballot, which would be a serious departure from the trend toward expanding the role of citizens in the organizations in question, since they would have to be made up of citizens subject to "*capitis diminutio*."

The fact that the citizen counselors are nonpartisan enables us to assume that they are impartial, but their decisions will inevitably have an impact on the parties. But despite this they cannot be accused of favoring some to the detriment of others out of prejudice. Much less can they be branded as biased simply for traveling

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to and taking part in events along with someone who eventually becomes a candidate. The fact that there are representatives of the parties on the state council necessitates the sort of peaceful coexistence that cannot confused with affinity, much less complicity.

A group of civic activists, university professors, and journalists from Puebla (Alfonso Velez Pliego, Mariano Morales, Enrique Gaucher, Veronica Mastretta, Arturo Migoya, Emma Yanes, Sergio Mastretta, and Julio Glockner) has pointed out the far-reaching significance of the penalty that may be imposed on citizen counselor Diaz Amador, a respected sociologist at the Autonomous University of Puebla: "This is a decision of enormous intolerance that points to the establishment of a wholly reprehensible political atmosphere leading up to the legislative and municipal elections this coming 12 November."

Bartlett Seen Heading 'Restoration'

95CA0392A Mexico City REFORMA in Spanish 11 Sep 95 p 11A

[Commentary by Juan Molinar Horcasitas, researcher at National Autonomous University of Mexico's Social Research Institute: "From Puebla With Malice"]

[FBIS Translated Text] The governor of Puebla, Manuel Bartlett, had been behaving more or less discreetly throughout his administration, but he gradually began changing his attitude. Eventually, he launched a political offensive to get himself back into the spotlight of national politics as the leader of a movement to restore the old Mexican political system. For this reason, I think we should not mistake Manuel Bartlett's relative discretion of late for inactivity. Apparently, he was immersed in the preparation of a political offensive, which he revealed in a spectacular speech given in the city of Puebla a few days ago. Whatever Manuel Bartlett does in the next few months will bear watching, because it is clear that his speech is destined to be heard beyond the city limits of Puebla. A creature of political tempests ever since that fateful day on 6 July 1988 when he organized "the fall of the system," which will be associated with his name from now on, no matter how hard he tries to avoid it, Manuel Bartlett is returning to claim his rights.

Manuel Bartlett's lengthy speech is a vigorous defense of his active role as promoter of the PRI [Institutional Revolutionary Party] vote in the municipal president campaigns in Puebla State. He notes that his critics, especially those of the National Action Party (PAN) and of the Party of the Democratic Revolution (PRD), are the true enemies of democracy and federalism, to whose aid he has come.

Let us look at an example of Bartlett's words: "...it is not strange that the protagonists are seeking to adapt the law to their interests and possibilities. Nor is it strange that they are basing that aspiration on their doctrines and ideologies. Thus it is that the PAN and the PRD have for several years now been postulating a false theory of democracy with a view to eroding and destroying the PRI's capacity for popular articulation."

Bartlett contends, moreover, that the opposition's proposals aimed at establishing more equitable conditions of electoral competition are not just foolish, but are even contrary to democratic doctrine and practice and to the freedom of expression. For this reason, he announces that he will continue carrying out his proselytizing activities for the PRI as vigorously as ever.

To understand this open and defiant position of the Puebla governor, one must have some memory. Until a short time ago, Bartlett had been rather discreet in exercising the governorship. And he had plenty of reason to do so. During the previous presidential term, he had to move cautiously. His defeat in the ignominious, rough-and-tumble battle of the *tapados* [the yet-to-be announced PRI candidates] for the PRI nomination, which Carlos Salinas ultimately won, left him in a vulnerable position. Before Miguel de la Madrid decided on Salinas and not him, Bartlett had used every weapon, clean or dirty, that he had in his arsenal to promote his candidacy and besmirch his rivals. And many Salinas supporters would not forgive him.

Bartlett survived, but he had to move cautiously for a while, first as secretary of public education and later as governor of Puebla. Since that time, Bartlett has undoubtedly been concerned as he has watched the PRI's attrition, its internal struggles for the presidential succession (which he once lost), the unfolding of the election (which he organized this time), the beginning of Ernesto Zedillo's administration (in which he is not involved this time), and the unstoppable ascent of the opposition, to the detriment of his own party. But now that the Salinists are mired in disgrace, and as the inexorable election calendar shifts the tide of opposition to his own state, Bartlett has decided to go on the offensive.

The governor's speech could be taken lightly, since it does have a humorous element to it. In the picture painted for us by Manuel Bartlett, the sheep of the democracy that the Mexican political system has so laboriously constructed are in mortal danger, threatened by reformists of every stripe, who are really just wolves dressed in sheep's clothing. To make matters worse, the owner of the flock, that is, the president, is

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unaware of the deceit, and has even been swayed by the mendacious and heretical arguments of the reformists and the antidemocratic opposition. For this reason, the pastors of the national and popular flock have lost their way, and are doing little or nothing to stop the merciless decimation of the flock that their predecessors made such a great effort to establish. If this were a story of pigs instead of lambs, I would be reminded of a children's book called "The True Story of the Three Little Pigs," written by Mr. A. Wolf.

Nevertheless, I think it behooves us to listen carefully to Mr. Bartlett's message, since this is not a children's story, nor is it directed at children. On the contrary, I think we are witnessing something more serious. To begin with, although Bartlett's speech casts itself as a defensive act, it is really the beginning of an offensive. But that is not the main thing. The most important aspect, I think, is the audience.

When Manuel Bartlett addresses Pueblans, or the national press, or the PAN and PRD members who attack him, he is really speaking to another audience: Bartlett is talking to everyone in the PRI, especially the hardliners, who are feeling distressed and shunted aside. He tells them, the "authentic Priists," not the shameful neo-Priists, that they can, nay, that they should continue being Priists in the old style even though the president keeps a "safe distance" from them. Of course, in his speech Manuel Bartlett points out that he is assuming the leadership, teaching by example.

In short, Manuel Bartlett's speech is an appeal that goes over the president's head to regroup those Priists who are dissatisfied with the status quo, to seek a common objective: the restoration of the Mexican political system.

Charges Increase Against Tabasco Governor

95CA0389A Mexico City LA JORNADA in Spanish 13 Sep 95

[Article by Rosa Icela Rodriguez; for related reporting, see the 5 July Latin America DAILY REPORT, pp 21-24 — received via Internet]

[FBIS Translated Text] Andres Manuel Lopez Obrador announced that he would expand on the charges filed with the Office of the Attorney General of the Republic (PGR) against the governor of Tabasco, Roberto Madrazo Pintado, after discovering new checking accounts related to the state PRI's [Institutional Revolutionary Party's] campaign expenditures at Branch 515 of the Banco Nacional de Mexico in San Jeronimo, Federal District.

The Tabasco PRD [Party of the Democratic Revolution] leader reported at a press conference that several checks were issued against checking account 699594-2, among them check number 000166 to Coparmex, which Carlos Madrazo Cadena used to head. The check was in the amount of 82,500 new pesos for the "quick count" in the elections last 20 November; this is in addition to the Banca Confia checks that had been revealed previously.

Moreover, LA JORNADA obtained a draft copy of the PRD's charges before the PGR, in which it maintains that during a further inspection of documents it discovered that Madrazo paid out 2,436,141 new pesos over a three-month period to various mass media and columnists in Mexico City against master checking account number 699594-2, using August 1994 dates.

The expanded charges that the PRD will file come on top of the ones made on 13 and 19 June before the PGR in connection with the use of 237,871 new pesos in Madrazo's PRI [Institutional Revolutionary Party] gubernatorial campaign.

Preliminary inquiries 5057/DO/95 and 5058/DO/95 include charges against Roberto Madrazo Pintado, Manuel Gurrioa Ordonez, Nicolas Haddad Lopez, Oscar Saenz Jurado, Pedro Jimenez Leon, Salvador Sanchez Vazquez, Pedro Vazquez Colmenares, Jose Luis Solis Lopez, Carlos Alejandro Martinez Santiago, Ulises Ruiz, Carlos Madrazo Cadena, Jose Antonio Burelo, Floricel Perez Nieto, Jesus Alvarez Vasconcelos, Angel Buendia Tirado, Pedro Resendiz Medina, Alfredo Camacho, Alfonso Izquierdo Bustamante, Francisco Montero Lozano, and Francisco Alamilla Padron.

The crimes of which Lopez Obrador accuses the members and leaders (currently authorities) of the Tabasco PRI are: tax fraud; constructive tax fraud; embezzlement of federal revenues; improper use of powers and authorities; concealment of tax crimes; concealment, alteration, or destruction of documents for tax purposes; harboring; conspiracy; embezzlement of state revenues; misrepresentation in court statements; electoral crimes; and whatever other crimes arise from the investigation into financial and banking activity, direct deposits and withdrawals and transfers, and the source of funds from criminal or illicit activities (such as drug trafficking or money laundering).

The charges that Lopez Obrador and the PRD's legal team filed on 13 and 19 June are based on an analysis of checkbooks, check stubs, invoices, receipts, shipping notes, vouchers, and other documents related to bank accounts 805175—0, 805200-5, 805211-0, 805481-4, 805480-6, and 805472-5 with Banca Confia in Villahermosa, Tabasco.

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Publicity Expenditures

The following is the PRD's list of vouchers and invoices for publicity in the mass media, "extra" payments to reporters, and "extra" payments to Coparmex for the "quick count":

On 4 August 1994, the newspaper EXCELSIOR received checks 699542 and 00079 in the amounts of 11,330 and 8,365 new pesos for payment of invoices A16891 and 20548.

On that same day, the state PRI paid Demos, Desarrollo de Medios, S.A. (the company that publishes LA JORNADA) 71,500 new pesos against invoice 28701; EL HERALDO DE MEXICO 25,800 new pesos against invoice 46330; EL FINANCIERO 27,225 and 61,600 new pesos against invoices 38169 and 38289; and the magazine NOTITAS AL PASTOR 10,285 new pesos against invoice 135.

On 25 August, the Tabasco PRI paid the newspaper EL UNIVERSAL 37,950 new pesos with check 0098 against invoice UO-12603; Desarrollo de Medios 71,500 new pesos against invoice 28702; Editora de Mexico 20,592 new pesos against invoice 28069; EL FINANCIERO 171,600 new pesos with check 00101; and EL NACIONAL 14,404 new pesos with check 0201 against invoice 13465.

On the same day it paid Leobardo T.G. 5,000 new pesos with check 0103 against invoice 060; Claudia O. Roman the same amount with another check against the same invoice; the Sociedad Cooperativa Publicaciones Mexicanas 20,176 new pesos; Zeus Editorial, S.A. 12,100 new pesos; La Aficion, Compania Periodistica 8,195 new pesos; Editorial La Prensa 5,000 and 4,054 new pesos against two invoices; and EL HERALDO DE MEXICO 10,725 new pesos against invoice 49636.

In addition, PRI authorized checks dated 16 September 1994 for Editorial La Prensa in the amount of 10,725 new pesos; for EL UNIVERSAL in the amount of 21,450 new pesos; and three invoices in the amounts of 14,404, 7,507, and 8,642 new pesos for EL NACIONAL; 12,060 new pesos for Sociedad Cooperativa Publicaciones Mexicanas; 17,500 for Radio Comunicacion de Mexico against invoice 0343; two invoices for 24,750 each for Editorial de Mexico; and invoices 050 and 052 in the amounts of 7,700 new pesos each for Felipa Sanchez.

On 16 September 1994, PRI paid the magazine NOTITAS AL PASTOR's invoice of 20,570 new pesos and on 18 October 1994 Desarrollo de Medios' invoice of 350,000 new pesos with check 317. On the same day it paid EL UNIVERSAL 250,000 new pesos, EL HERALDO DE MEXICO 205,000 new pesos, and the newspaper OVACIONES 175,000 new pesos.

On 18 October the Tabasco PRI paid EXCELSIOR columnist Aurora Berdejo 50,000 new pesos with check 0142 and Desarrollo de Mexico 103,125 new pesos.

On 19 October 1994, the Tabasco PRI authorized check 0144, made out to Alfredo Camacho in the amount of 225,000 new pesos; 5,445 new pesos for EL UNIVERSAL; 11,000 new pesos for Editorial Siempre; 10,000 new pesos for Moral Compania Editorial; 4,000 new pesos for GACETA NACIONAL; 17,600 new pesos for Radio Comunicacion de Mexico; 7,656 new pesos for Publicaciones Llergo; and 10,803 new pesos for EL NACIONAL.

On the same day it paid two invoices from Editorial La Prensa in the amounts of 2,702 and 8,033 new pesos; invoices 53489 and 53515 from EL HERALDO DE MEXICO in the amounts of 4,719 and 3,342 new pesos; 10,285 to NOTITAS AL PASTOR; 32,670 to EL FINANCIERO; 8,494 new pesos to EXCELSIOR; 7,656 new pesos to Publicidad Llergo; 20,930 new pesos to Sociedad Cooperativa de Publicaciones Mexicanas; 13,333 new pesos to Editorial La Prensa; and 2,809 new pesos to LA AFICION.

A payment to Coparmex in Tabasco in the amount of 82,500 new pesos appears against the same account on 7 November 1994.

The outlays on the list total 2,436,141 new pesos. The official ceiling for the Tabasco gubernatorial campaign is 4,939,573.53 new pesos.

Enforce the Law

Andres Manuel Lopez Obrador, accompanied by legal adviser Francisco Garduno and the PRD's press chief, Cesar Yanez, commented yesterday afternoon: "It is very important that public matters become increasingly public."

As to the constitutional-dispute appeal that Governor Roberto Madrazo has filed and the reply from Attorney General Antonio Lozano Gracia, which the magazine PROCESO has published, Lopez Obrador voiced this view: "Things ought to be brought out into the open before the public, above and beyond the necessary respect for the confidentiality of the investigation, because we have nothing to hide."

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Although he indicated that the attorney general's reply is well-taken, he clarified that it is the Supreme Court of Justice that must rule and he expressed confidence that it would act independently "so that a new era of legality is inaugurated in the country."

He added that the public hopes the law is enforced and that it remains to be seen where the Tabasco PRI's funding came from.

In conclusion, he indicated that in the "remote" event that the Supreme Court should rule in favor of Roberto Madrazo and against the PGR, the PRD would consult the people of Tabasco as to whether they accept the ruling.

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Guatemala

Enriquez Dismisses Report of Plot To Kill De Leon

PA2009164395 Mexico City NOTIMEX in Spanish 0210 GMT 20 Sep 95

[FBIS Translated Text] Guatemala City, 19 Sep (NOTIMEX) — In the wake of a charge made by the guerrilla in Costa Rica, the Guatemalan Army's intelligence service, known as G-2, said today it was unaware of an alleged plan to murder President Ramiro De Leon Carpio.

"All we know is what the press reported. Our intelligence services have not detected any plot against the president," Defense Minister General Mario Rene Enriquez said.

Guerrilla Commander Pablo Monsanto charged in Costa Rica there is a plot to kill President De Leon if he signs the agreement on socioeconomic aspects and agrarian affairs being discussed as part of the peace negotiations process.

Enriquez felt that the commander has to provide further information and dispel doubts on the president's safety and possible pressure against negotiating with the Guatemalan National Revolutionary Unity (URNG).

The president's personal security team will be alert, and, in principle, we are ruling out the press report" on a future attack on President De Leon, he noted. [quotation mark as received]

The minister said "we have never had a similar incident, since the president works for the sake of all Guatemalans and peace."

Monsanto noted that the president would be in danger of dying if in the next three months he signs the controversial agreement, which has been under discussed for six months without reaching consensus.

"The president told the URNG General Command he can sign the agreement on agrarian affairs, but could not do it because he did not want to be a dead president," Monsanto stated.

Hector Rosada, general coordinator of the government's Peace Commission, dismissed Monsanto's remarks but stated he will get in contact with Jean Aranult, UN mediator in the talks, to analyze the topic.

"Killing a president because he signed a peace agreement is rather an aberration, something paranoid. I do not think anybody has any interest in attacking the president for signing a peace agreement," he reiterated.

Rosada stated he was receiving the information with caution since he did not know the veracity of the news report datelined in San Jose.

Aranult will be consulted on the situation to confirm if the guerrilla leader made the remarks attributed to him, and in what context and scope.

Copaz President Calls URNG Ads 'Bizarre'

PA2009230795 Guatemala City SIGLO VEINTIUNO in Spanish 19 Sep 95 p 4

[FBIS Translated Text] Peace Commission President Hector Rosada Granados has stated that the recent URNG [Guatemalan National Revolutionary Unity] television ads are an electoral ploy that he described as a "bizarre electoral gimmick," because the URNG is an armed group.

Commenting on the ads' direct backing for any political party in particular, Rosada said that they refer to those parties that include the peace accords in their government platforms, and some political organizations say they support that idea.

Rosada added that the RUOG [United Representation of the Guatemalan Opposition] has been defending the FDNG [New Guatemalan Democratic Front] in Geneva, Switzerland, but the URNG, as such, has been careful not to make direct references to any party.

Rosada, however, described the RUOG as a fundamental group within the URNG even though only the name of Raul Molina is tied to that entity after figures such as Rigoberta Menchu, Rolando Castillo, or Frank LaRue left the group or disappeared.

Honduras

President Reina on Legal Measures Against Criminals

PA2109022495 Tegucigalpa Voz de Honduras Network in Spanish 1135 GMT 20 Sep 95

[Report by Jose Danilo Izaguirre; from "The Morning Paper" newscast]

[FBIS Translater Excerpt] President Carlos Roberto Reina Idiaquez gave statements and said that, even if it involves juvenile criminals or gang members, no one has the authority to take another person's life. Alarmed because crime in the country has taken a turn for the worse, the president said the Honduran Government has a legal system to investigate and adopt measures against criminals.

Moreover, the president again questioned the statements made by his predecessor, Rafael Leonardo Callejas, who has once more brought up the alleged political persecution that the current administration has unleashed against National Party of Honduras [PNH] members. [passage omitted]

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Referring to the crime wave in the country, the Honduran president said:

[Begin recording] [Reina] Referring to events which occurred yesterday and which shocked public opinion, because they involve actions that everyone considers abominable, I do not think anyone should look on with approval when human beings are killed. It is the same attitude adopted when someone was reported missing in the past, and people said: There must be a reason for the disappearance. That is the attitude of accomplices and criminals. The government's legal system will investigate as soon as possible, put a stop to all this, and punish the culprits.

There is no other attitude. That is why the investigation system, the [word indistinct] has been strengthened; and that is why the Judicial Branch is there. My attitude is to wholeheartedly condemn this action. No one has the right to take the life of another human being.

We must all be scrupulously careful about this. [passage omitted]

[Reporter] Mr. President, we understand that only God has the right to take a human being's life, but the people are also human beings. Criminals have no qualms about killing a Christian because he makes money or fails to make money. I have no intention of bringing up the latest events, Mr. President, but a mechanism must be sought to give the Honduran people solutions for these incidents, which sow pain, anguish, and desperation among the Honduran people.

[Reina] [Words indistinct] unfavorable and if authorities take the lives of human beings they incur criminal actions. That was the missing persons' tragedy. Everyone condemns this nowadays, but many endorsed this at the time. They said: If those people had stayed at home they would not have disappeared. We must not [words indistinct] criminal actions; they must be investigated and justice must prevail.

A legal state is the only option in a democratic system. If you start abuses this will end in catastrophe; it will be returning to the times that have horrified mankind given this type of decisions. If there are criminals they must be caught and must be punished, but if we leave justice in the hands of the people, without a proper trial, that is totally unacceptable and dangerous. [passage omitted] [end recording]

Nicaragua

Interview With Military Intelligence Chief

PA2009230095 Managua Televicentro Canal Dos in Spanish 1600 GMT 17 Sep 95

[Interview with Colonel Antenor Rosales, chief of the Nicaraguan Army's Military Intelligence Directorate, by "This Week" program director Carlos Fernando Chamorro in Managua — live]

[FBIS Translated Text] [Chamorro] We are here with Colonel Antenor Rosales, chief of the Nicaraguan Army's Military Intelligence Directorate. Colonel, in addition to the defense of territorial integrity, which has been — let us say — the Army's classic mission, it is now attributed new missions. These missions include cooperating in the struggle against drug trafficking, the protection of natural resources, and the defense of public order. The question is: Are not the functions being attributed to justify the existence of an Army that already exists with a specific size and budget? How do you justify these new missions?

[Rosales] Carlos Fernando, just as you pointed out, the Army's classic missions still prevail regarding the defense of our national sovereignty and territorial integrity. These new missions strive to provide a solution to the new challenges that societies face in this modern world; and the Nicaraguan society does not isolate itself under this perspective. Therefore, due to challenges such as drug trafficking and the loss of our natural resources, mainly maritime resources, this demands and obligates the Army — within the framework of its clear, defined, and principal mission, meaning the defense of the national sovereignty and territorial integrity — to assume these new challenges.

[Chamorro] It could also be said the new missions, for example the reforestation and defense of public order, would simply call for the allocation of more resources to MARENA [Ministry of Environment and Natural Resources] and the police so they can concentrate on that. In this case the Army would not have a specific role in those missions.

[Rosales] When we say the national military corps' activity is important for the protection of natural resources and environment we do not refer to a specific sector like reforestation. Instead, we talk in a much broader sense, meaning the protection of our maritime resources, the protection of our fauna, endangered species, and the protection given in other areas of our environment rather than the forestry sector per se.

[Chamorro] Let us see the specific case of drug trafficking. The recent meeting of defense ministers in

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Williamsburg, sponsored by the U.S. Secretary of Defense, debated the idea of whether or not armies should have a dominant role in the struggle against drug trafficking. Some Latin American governments believe they should but others believe they should not. Specifically speaking, what is the Nicaraguan Army's mission in this area?

[Rosales] The constitution, particularly, the Military Code of Organization, Jurisdiction, and Social Welfare states that the Army's activity in this specific area of the struggle against drug trafficking activities is to cooperate with the National Police. In other words, it does not mean exerting influence in an area that belongs to the police, only to cooperate, respecting the functions of the two corps. To be more clear.

[Chamorro, interrupting] In logistic terms or another kind of involvement? What do you do?

[Rosales] Any type of involvement.

[Chamorro] Do you provide helicopters, boats, or intelligence?

[Rosales] The activities against drug trafficking include intelligence, the activity carried out by naval and air forces, and others dealing with, for example, radars, and the use of important means and forces which the police do not have.

[Chamorro] Colonel, talking about intelligence issues, it is said that the role played by the Directorate of Information for Defense is to gather information dealing with, let us say, defense issues. However, we see this wave of terrorism — which we talked about with Father Pena minutes ago — and many people wonder if the efficiency of the Army's intelligence corps is in doubt.

[Rosales] I wish to clearly state here the military corps' intelligence agencies participate in this activity of gathering information dealing with the specific incidents that have occurred against the church to cooperate with the police's work. This is a task that falls on the police and Army intelligence, particularly the Directorate of Information for Defense, has supplied all the information it has gathered to the National Police Directorate. In other words, we have cooperated and provided support in this case, and we have turned over all the information we considered important.

[Chamorro] What important things have you found out? Who do you blame the wave of attacks on?

[Rosales] I believe it is up to the police to say what specific information it has obtained plus what we have supplied, which we believe contributes sufficiently toward that specific case.

[Chamorro] You are head of military investigations.

[Rosales] Military intelligence.

[Chamorro] Military intelligence, pardon. What are your work priorities?

[Rosales] Military intelligence is designed to obtain information in the Central American area so as to guarantee that the Nicaraguan state has sufficient elements to know whatever information of regional interest, specifically military, which may take place.

[Chamorro] On the Defense Ministry topic, which we heard some of the people we interviewed comment on, the Army says it does not oppose the creation of a civilian Defense Ministry [as heard], but neither does it say it favors it. What is the Army's specific position?

[Rosales] The Nicaraguan Army has said that inevitably a time will come when conditions are right for a Defense Ministry to serve as the instrument to apply Nicaraguan state defense policies. To this end we have no objection to create it. It is obvious that it is up to the Executive Branch to decide when to create such a ministry.

[Chamorro] Going back to the Army's new missions, it is said that you can assist in social issues such as in road repairs and production plans. But the impression one gets, Colonel, is that all this are improvised activities. Or does the Army have a framework plan or a national plan for that sort of participation?

[Rosales] One would have to say that a national framework plan would be part of the nation's strategic plan, in this case lead by the Executive Branch. A plan exists within the Armed Forces for the main activities, which is what regulates the activities of all the institution's forces throughout the year and establishes social actions as an important Army item.

[Chamorro] One last question, Colonel. There is word of future appointments of Army members as military attaches in other countries. In fact, you are one of the persons mentioned for one of the Central American countries, is that right?

[Rosales] There will be appointments for military attaches in El Salvador, Honduras, for the Inter-American Defense Board, and other places. Internal changes within the Army will also take place. The rotation of officers and heads is part of all armed corps. Some of them have come from courses abroad, such as the case of Lieutenant Colonel Julio Cesar Aviles, who has just arrived from France. Obviously these appointments will be made official over the next couple of days.

[Chamorro] Will you be going as military attache somewhere?

[Rosales] The command has not notified me.

[Chamorro] Many thanks Col. Rosales.

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Argentina

Menem Confirms UN Meeting With UK's Major

PY2009150895 Buenos Aires TELAM in Spanish 1401 GMT 20 Sep 95

[FBIS Translated Text] Buenos Aires, 20 Sep (TELAM) — President Carlos Menem today confirmed that he will meet British Prime Minister John Major in New York during the celebrations to mark the 50th anniversary of the United Nations.

Menem told Radio America: "I will meet the British prime minister to talk about our bilateral relations, their enhancement, their development, and to iron out any type of differences that may have surfaced recently."

This would be the first meeting of top-level Argentine and British officials since the 1982 Malvinas war.

Argentina has been claiming sovereignty over the South Atlantic archipelago that was usurped by the UK in 1833, 163 years ago.

The meeting between Menem and Major will be held in October, during the celebrations of the UN's 50th anniversary in New York.

Argentine Foreign Minister Guido Di Tella and UK Foreign Minister Malcolm Rifkind will meet at the UN on 27 September to sign an oil cooperation agreement.

Concerning a preliminary agreement achieved with the UK on oil exploration and exploitation in the territorial waters of the Malvinas Islands, the Argentine president emphasized that the talks with Major would also include "this extremely important step that we have taken."

Menem noted that, during a meeting held yesterday at the Olivos Residence with Justicialist Party deputies and senators to inform them of the preliminary agreement, "I told them that the conflict zone had been surrounded by a type of wire fence that we could not jump."

The president emphasized: "After several months of talks, comings and goings, talks with UK authorities, with the kelpers, we have finally managed to take this extremely important step."

Menem indicated: "In a conflict area we will now operate in the field of oil exploration and probably exploitation, and collect royalties, which has never happened before."

The president emphasized: "This is the first time that Argentina has made this type of achievement since the islands were occupied by the UK in 1833."

Menem emphasized that the preliminary agreement achieved with the UK "is a very important step for the future."

The agreement with the British government establishes that the companies participating in the probable exploitation of crude oil in the eastern and western territorial waters of the South Atlantic archipelago must pay royalties to Argentina and to the UK.

Meeting Said 'Old Presidential Aspiration'

PY2109022195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2139 GMT 20 Sep 95

[Special article for NOTICIAS ARGENTINAS by Jose Maria Monzon]

[FBIS Translated Text] Buenos Aires, 20 Sep — The very likely possibility of a meeting between President Carlos Menem and British Prime Minister John Major is the ideal opportunity that the Argentine government has been seeking in order to reaffirm the position adopted at the beginning of the 1990's, when the Malvinas negotiations were virtually frozen.

A meeting with Major, within the framework of the international scenario of the celebrations of the 50th anniversary of the creation of the United Nations, is the exact opportunity that is desired by Menem in order to project his image abroad and to improve the image of his administration, both in Europe and the United States.

The Argentine head of state has never hidden his desire to hold a high-level meeting with his British colleague, but that possibility could not be contemplated during the time in which the intransigent Margaret Thatcher was in charge of the island's destiny.

Major's accession to power in the early years of the 1990's and the progress that has been achieved in the economic and trade sectors after the reestablishing of diplomatic relations permitted the expectation that it would be possible to discuss an official visit by Menem to the capital of the United Kingdom.

With this objective in mind, and under express directives from Menem, the Argentine foreign ministry tried for years, unsuccessfully, to obtain a decision by the government in London regarding the issuance of a formal invitation, but British internal policy questions and the stumbling blocks that cropped up in the fishery negotiations always conspired against obtaining that objective.

The failure to obtain this objective was one of the reasons for the replacement of the former Argentine ambassador to London, Mario Campora, who was the first person charged with bringing up this topic with the hermetic officials of the foreign office.

This time the setting of the meeting with the prime minister will not be the British capital, as Menem

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desired. However, it must be acknowledged that the framework the seat of the United Nations will provide for the meeting is not to be disdained if it is taken into account that representatives of the major world powers will participate in the celebrations.

The meeting between Menem and Major will not only satisfy on old presidential aspiration; it will also contribute to guaranteeing the continuance in office of Minister Guido Di Tella, who, in view of the failure of the oil negotiations, saw his job as being in serious jeopardy.

From this viewpoint, it can be said that the understanding with regard to undertaking of joint oil exploitation in the waters of the Malvinas has, for the minister, the effect of being a life jacket thrown in the midst of a storm. However, he must still overcome the objections that have been submitted by the opposition, as well as the lack of confidence with which many Justicialist congressmen are eyeing the terms of the agreement.

But what is true is that the certainty of President Menem regarding whether he will meet with Major has, at the present time, had a concrete signal from London, whose authorities seem to prefer that the foreign ministers of the two countries discuss the meeting during the talks that have been set for 27 September.

Di Tella Holds News Conference on Agreement With UK

PY2109014995 Buenos Aires TELAM in Spanish 2126 GMT 20 Sep 95

[FBIS Translated Excerpt] Buenos Aires, 20 Sep (TELAM) — Foreign Minister Guido Di Tella asserted today that under the provisions of the oil agreement with the United Kingdom, Argentina does not acknowledge that Great Britain has any sovereign rights to the Malvinas Islands' territory and territorial waters.

The foreign minister made it clear that the agreement reached with the United Kingdom "does not mean" that the latter has rights to the Malvinas Islands. He explained that "it is a power administering a contested area that we claim as our own."

The foreign minister called a news conference in the Congress building after having briefed senators on the scope of the agreement worked out with the United Kingdom on the prospecting and exploitation of oil in the Malvinas Islands' waters.

Di Tella subsequently met with the members of the foreign affairs committee of the Chamber of Deputies behind closed doors to explain to them the details of the agreement between Argentina and Great Britain.

The foreign minister said that the agreement — which will be jointly made public on 27 September — deals with five different issues, which will entail an amendment to the Hydrocarbons Act currently in force and the enactment of a bill providing for sanctions against those companies prospecting in the area in case they fail to abide by the provisions of the agreement.

To that effect, Di Tella stated that unless Congress passes the foregoing bill and amends the Hydrocarbons Act, everything "will crumble to dust," adding that he will sign the agreement with Great Britain "subject to the approval" of Congress.

He explained that the five issues included in the agreement comprise a joint declaration (between Argentina and the United Kingdom), a unilateral declaration by each of the parties, and regulations to be imposed on the companies that tender for the undertaking of ventures in the South Atlantic.

The head of the foreign ministry made it clear that the latter point refers to "requirements that firms that are going to put in a tender for those ventures will have to meet concerning the payment to the Argentine government of royalties for the right to prospect for, and eventually tap," oil in the Malvinas Islands' waters.

Di Tella went on to say that "it lists the penalties to be imposed in case companies fail to pay" to Argentina. He stated that in order to do that, the Chamber of Deputies must approve the bill that has already been voted through in the Senate and that is under discussion in the lower house.

With regard to the fourth point, the foreign minister pointed out that it refers to the amendments to be adopted to the Hydrocarbons Act to "enable greater flexibility in the oil royalties."

As for the fifth point, Di Tella said that it pertains to the "reintroduction in the Argentine plan of four areas extending into the zone the British term under dispute, which we did not implement in the past, but which we will implement now."

Di Tella underscored that internationally, the United Nations "acknowledges that there is a dispute about sovereignty over the Malvinas Islands and has called upon the feuding parties to negotiate," adding that the United Nations "admits that one of the parties is exercising jurisdiction over the area, whereas the other is not."

He further stated that the area (of the two zones where prospecting will be carried out) covering 20,000 square

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kilometers comprises "10,000 square kilometers unequivocally belonging to Argentina and another 10,000 square kilometers that the British claim as their own."

The foreign minister stressed that "it is a most significant thing" that Argentina should be able to operate in an area under contention "because it was something we have been unable to achieve for the past 160 years."

Di Tella declared that Argentina will be able "to monitor and oversee the area under dispute from an economic standpoint."

The briefing took place at the Eva Peron hall of the Senate and was presided over by Provisional Senate President Eduardo Menem, who noted that during the briefing session his colleagues "raised doubts" about the agreement.

Senator Menem attributed these doubts to lack of knowledge about what he termed "the finer points" of the agreement between Argentina and the United Kingdom, which, he reported, will be jointly unveiled on 27 September.

Commenting on the debate in which Congress will be engaged so as to amend the Hydrocarbons Act and enact the law to apply sanctions against companies that do not respect the agreement, Senator Menem said: "This is just a discussion and not a harbinger of a storm."

Di Tella then briefed deputies of the foreign affairs committee on the same subject. This gave rise to various comments by ruling party and opposition lawmakers. [passage omitted]

Provides Details at News Conference

PY2109025095 Buenos Aires TELAM in Spanish 2301 GMT 20 Sep 95

[FBIS Translated Excerpt] Foreign Minister Guido Di Tella stated today that the cooperation agreement with the United Kingdom on oil prospecting and exploitation around the Malvinas Islands is sound. He nonetheless explained that it has not yet achieved the rank of a treaty because "gray areas" still persist.

The head of the foreign ministry explained that although this agreement will be announced through a joint declaration, "Congress will have an active participation because unless it enacts some complementary laws, the agreement will be hamstrung."

In the course of a news conference at the San Martin Palace, Di Tella gave details about the agreement he is to sign with his UK counterpart Malcolm Rifkind in New York on 27 September.

He explained that in the cooperation zones (located to the west of the islands), having an area of some 20,000 square kilometers, Argentina and Great Britain will divide the proceeds from the oil royalties into equal parts.

This notwithstanding, he stated that in the waters to the east of the Malvinas Islands, which are claimed by both countries, Argentina will collect a 3 percent oil royalty.

Di Tella said: "We know that there are documents in which the British say they are going to charge 9 percent." Oil companies will thus have to pay 12 percent in oil royalties.

In reply to a question concerning whether this percentage was included in the agreement, Di Tella said: "I will answer you by holding my peace, because silence on this matter is part of the agreement."

The foreign minister reported that in order for Argentina to collect this royalty, it will lodge a "reservation of rights" with the United Nations to challenge the United Kingdom's unilateral decision to invite firms to tender for oil prospecting in the Malvinas Islands' waters and to reaffirm Argentine sovereignty over the waters under dispute.

Di Tella maintained that Great Britain will also file a similar document with the United Nations rejecting Argentine claims, adding that both documents will be part of the agreement.

The foreign minister explained that to make the collection of a 3 percent royalty effective, an amendment to the Argentine Hydrocarbons Act correcting the 8 percent oil royalty stipulated in that law will be necessary. [passage omitted on previously filed material]

Di Tella explained that the agreement with the United Kingdom comprises a "package" of five documents:

1. A joint declaration to be signed with Malcolm Rifkind in New York on 27 September.

2. The lodging with the United Nations of the "reservation of rights" to the oil extracted in the contested area.

3. A rejection of the United Kingdom's unilateral call for a bid in the area under contention.

4. An amendment to the Hydrocarbons Act.

5. The enactment of a bill [drafted by Senator] (Eduardo) Menem [concerning sanctions against companies prospecting around the Malvinas that fail to abide by the agreement]. [passage omitted]

The foreign minister stated today that both countries are favorably disposed to arranging a meeting between President Carlos Menem and UK Prime Minister John Major. Nevertheless, the minister made it clear that "their agendas have not yet been put together."

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Di Tella said: "This is one of the topics we are going to discuss with Foreign Secretary Malcolm Rifkind in New York when we broach the issue of the rapprochement between the highest ranking government authorities of both countries. Still, nothing has yet been settled."

During the news conference he called at the Golden Hall of the San Martin Palace, the foreign minister acknowledged having received from the foreign office a "request for clarification" of public remarks made following the announcement in Buenos Aires of a bilateral oil cooperation with the United Kingdom.

Di Tella declared: "We must proceed with caution, without being exultantly boastful, so as not to make matters worse for the UK government in the light of the opposition to the agreement voiced by some UK domestic sectors."

The foreign minister cited as an example the headline in today's issue of the London newspaper DAILY MAIL accusing the UK government of "having surrendered because of the oil" in the Malvinas Islands.

Di Tella noted that "I personally think that is wrong, but it shows that feeling over this subject is running high, and that is something one should avoid."

Asked whether Great Britain, in the wake of the signing of the agreement, will lift the embargo on the sale of weapons to Argentina that has been in force since 1982, the foreign minister replied that the agreement "has some things in writing and others that are not; it will have some possible and desirable implications."

In concluding, Di Tella stated: "Agreements give momentum to virtuous relations," adding that "I hope that as far as communications are concerned, there will be some progress, even though there is nothing written or agreed upon."

Di Tella Meets Businessmen To Discuss Oil Agreement

PY2009172695 Buenos Aires TELAM in Spanish 1426 GMT 20 Sep 95

[FBIS Translated Text] Buenos Aires, 20 Sep (TELAM) — Foreign Minister Guido Di Tella today emphasized that oil businessmen have expressed great satisfaction over the upcoming signing of a cooperation agreement with the United Kingdom on crude oil exploration and exploitation around the Malvinas Islands.

After a meeting with them at the foreign ministry, Di Tella noted: "They were very satisfied, very happy. They see very solid possibilities of cooperation."

Asked if this agreement would not be detrimental to the 'legal umbrella' on the archipelago's sovereignty, Di Tella noted: "It is totally unrealistic and unhealthy to believe 'either the islands will be totally restored to us or that we are unable to advance on anything,' or indeed that any partial advancement is insufficient."

The foreign minister emphasized: "This is the most significant advancement in 163 years of discussions. I believe any success must be acknowledged as such. We are not boastful, but we have achieved a very significant advancement. This is the beginning, not the end of the road."

The foreign minister stressed that the signing of this agreement, scheduled for 27 September in New York, "involves a constitutional provision and allows us to achieve a significant advancement in our effort to regain the islands."

Asked about the distribution of royalties that the two countries would collect for oil exploitation in the eastern and western territorial waters of the South Atlantic's archipelago, Di Tella pointed out: "The western area is a 50-50 area, which entitles us to operate in that zone."

Concerning the rest of the area, the foreign minister explained: "It has been agreed that a bilateral commission will be entitled to monitor oil production, information and control, and ecology. This represents huge institutional headway."

The foreign minister pointed out: "The agreement involves four documents: One involving a joint declaration that does not require congressional approval and another on a unilateral declaration."

The foreign minister said: "The other two are bills that require congressional approval: One involves penalties and rewards and one involves an amendment of the hydrocarbons law. Thus, Congress will have the opportunity of viewing the possibility of implementing or not implementing this entire package."

Foreign Minister Di Tella; Andres Cisneros, the Foreign Ministry secretary general and coordination secretary; and International Economic Relations Secretary Jorge Campbell participated in the working breakfast. Representing the entrepreneurial sector were Jorge Brea, Argentine Petroleum Commission [Comision Argentina de Petroleo] president; Ricardo Gruneisen, the Astra [expansion unknown] representative; Martin Paez Allende, the YPF [Government Oil Deposits] representative; and Shell representative Mateo Goretti.

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Details Agreement in Meeting

PY2009173395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1429 GMT 20 Sep 95

[FBIS Translated Text] Buenos Aires, 20 Sep (NA) — Foreign Minister Guido Di Tella today reported that the oil companies that sign agreements with Argentina on oil exploitation in the Malvinas Islands zone "would have various rights, including the use of Argentine ports."

During a meeting with oil businessmen at the foreign ministry this morning, Di Tella elaborated on an agreement achieved with the United Kingdom.

After meeting entrepreneurs, the foreign minister indicated: "I totally and flatly reject the ridiculous idea that this represents a desperate attempt, as claimed by some opposition congressmen."

The foreign minister said he does not have "any problem" in going to Congress in response to a petition filed by Deputy Federico Storani (UCR) [Radical Civic Union], Deputy Carlos "Chacho" Alvarez (Frepaso) [Front for a Country in Solidarity], and Deputy Hector Polino (Socialist Party) to explain the agreement achieved with the United Kingdom.

Opposition Deputy Criticizes Oil Agreement With UK

PY2009184595 Buenos Aires TELAM in Spanish 1500 GMT 20 Sep 95

[FBIS Translated Text] Buenos Aires, 20 Sep (TELAM) — Deputy Federico Storani (UCR) [Radical Civic Union] today criticized the agreement on oil exploration and exploitation around the Malvinas Islands negotiated between Argentina and the United Kingdom. He described it as a sign of 'weakness' by our executive branch.

Storani emphasized: "The government wants to exhibit this agreement as a great success, but it actually shows the weakness with which Argentina participated in the negotiations as this is the first time in our history the United Kingdom has gained access into our national territorial waters."

During a news conference in Congress, the UCR deputy explained that, by having access into Argentine territorial waters, the United Kingdom "has more possibilities of discovering oil because they are more shallow and easier for oil exploration and exploitation."

The UCR deputy said Argentina is expressing weakness because the "United Kingdom will have a right to police the exploration and exploitation area." He regretfully noted that this right to police "would be extended to include Argentine companies that participate in the hydrocarbons business."

Storani added: "This agreement violates the principle of an 'umbrella' for Argentine sovereignty over the Malvinas Islands because the two countries were on the same footing before these negotiations — and now the United Kingdom prevails."

Storani explained that of the 12 percent of the oil royalties for the eastern territorial waters of the Malvinas Islands, "just 3 percent would be for the Argentine companies purchasing bidding specifications and 9 percent would be for the British companies."

The UCR deputy emphasized: "This is a poor precedent because oil companies now operating in the Patagonia region will pay 3 percent royalties, not 12 percent as established in the hydrocarbons law."

Storani was accompanied by UCR Deputy Enrique Mathov, UCR Deputy Mario Negri, and UCR Deputy Horacio Jaunarena, among others. He announced that the UCR would solicit the interpellation of Foreign Minister Guido Di Tella in the Chamber of Deputies to review the agreement with the United Kingdom.

Economy Minister Announces New Economic Measures

PY2009223195 Buenos Aires LA NACION in Spanish 18 Sep 95 p 11

[Article by Eduardo De Simone]

[FBIS Translated Text] Chapadmalal — The three-day technical meeting of the entire economic team has concluded, as never before, with concrete measures for immediate implementation.

Economy Minister Domingo Cavallo looked rested during the news conference called to announce the measures. He was wearing a light blue striped shirt; a blue, brown, green, and red stripped sweater; and gray pants. Cavallo said the measures sought to increase tax collection levels and to reduce unemployment.

Cavallo said: "During our meeting we analyzed two central issues: The shortfall in tax collection, and the shortage of credits and high interest rates. These issues are interrelated and required some adjustments."

The economic team decided to broaden and create new conditions for the plan to facilitate the payment of back taxes that was due to expire this week. The measures also create credit difficulties for companies involved in tax evasion.

Cavallo's announcements were as follows:

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The plan for the advantageous payment of tax and social security debts incurred after 1 January 1995, which also includes the payment of debts in 30 installments, will remain open for another 60 days. The expiry dates were scheduled for between 19 and 26 September; the expiration dates will now be between 19 and 26 November.

There will be incentives for those who choose not to wait until November and who present themselves now.

Those who settle their debts this week will benefit from a reduction of the monthly payment made by the employer as of 1 September. This benefit will also apply to those who declare their moratorium in October and November, but the reduction of the monthly payment will begin in the month they settle up with the DGI [General Directorate of Taxation]

Payments will be extended from 30 to 60 days for small- and medium-sized enterprises so they can pay off fiscal obligations through this spontaneous presentation. Cavallo said: "These are the enterprises that have the most difficulty in obtaining loans."

There will be advantageous terms for taxpayers who face ordinary trials for the nonpayment of taxes and for those facing penal trails. In the first case, some 600,000 taxpayers are involved: In the second case, there are some 6,000. Cavallo said those who pay what the DGI is demanding through the courts will benefit from "a large reduction" in the accrued interest and penalties if they submit their returns within the next 60 days.

A bill will be sent to Congress to eliminate the power of the executive branch to implement advantageous payment terms for fiscal debts which benefit those considered to be tax evaders. Cavallo said: "This is the last chance for a spontaneous presentation of tax returns."

A proposal will be sent to Congress seeking changes in the penalties pertaining to the tax system. The objective is that the federal courts deal only with cases of large-scale tax evaders. For smaller evaders a more agile system will be proposed.

A database will be created to list taxpayers, mainly enterprises, that have paid their taxes and that can prove they have a normal relationship with the DGI.

This list will be distributed among banks so they will know to whom they can grant loans without any problems.

There will be more onerous penalties for those not on that list. The Central Bank will implement a measure under which organizations that grant loans to enterprises that do not figure on the DGI's "good faith" list will have to advance a larger proportion of their resources to their social security account.

"These measures will improve collection, generate more credit, and achieve the recovery we have estimated for the fourth quarter of the year," said Cavallo, who estimated that the GDP will increase by 5 percent in 1996.

The minister stressed that, during the meeting with his aides, they evaluated measures to reduce the unemployment rate, which is currently 18.6 percent.

For the time being he only mentioned the launch of an "ambitious" forestry plan which, he stressed, will create numerous jobs and complement housing and public works programs that have already been announced.

Cavallo said: "It is a plan on which the agriculture and economic programming secretariats are working, and it will attract a large volume of capital."

Finally, he announced a restructuring of the economy ministry with the removal of four secretariats and five undersecretariats. There will also be a merger of decentralized organizations and the elimination of several offices.

The new functions of the agriculture secretariat, which will now be called the agriculture and food secretariat, are among the most relevant details of this reorganization. The minister said: "The agriculture sector is more promising because it tries to reach the consumer with quality products." The industry and mines secretariat and the transport and public works secretariat will be merged.

This readjustment will mean a 48 percent cut in expenditure.

Cavallo said: "This is the start of a second state reform and we must set an example."

Runoff To Decide Gubernatorial Election in Chaco

PY2009204595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2152 GMT 18 Sep 95

[FBIS Translated Text] Resistencia, 18 Sep (NA) — The final vote count in Chaco provincial elections confirms early predictions that the future governor will be chosen in a runoff election on 8 October.

Maria Luisa Lucas, head of the Chaco province electoral court, made this announcement today during a news conference at the electoral court building during which she released the results of the final vote count. There were a total of 410,084 valid votes.

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The figures show that the PJ [Justicialist Party] won 180,049 votes (43.82 percent), the alliance UCR-Frepaso [Radical Civic Union-Front for a Country in Solidarity] 145,402 votes (35.38 percent), and the Chaco Action Party (Pach) 83,215 votes (20.25 percent).

Thus, the Justicialist Party ticket headed by Florencio Tenev and Roberto Braccone (better known by his artistic name Elio Roca) must now compete in a runoff against the UCR ticket headed by Angel Rozas and Miguel Pernus.

Judge Lucas said during the news conference that the runoff will be held on 8 October, stressing that the definitive result "was similar" to the provisional result disseminated by Encotesa [National Postal and Telegraph Company, Inc] a few hours after the 10 September election.

Lucas said the figures' similarity "erased any doubts" of a repetition of what happened in Santa Fe, where a winner has still not been proclaimed because of errors in the postal service system.

"Santa Fe doubts have disappeared" was the remark by the electoral official to describe the sensation of calm that engulfed Chaco province political circles when they learned that the provisional and final figures released today were similar.

The electoral official said that she rejected the protest presented by the PJ complaining of alleged irregularities in the small district of Santa Silvina.

The official, however, did not say anything about the legislative election result and the distribution of the 16 seats in the single chamber provincial legislature.

Provincial Congress Elects Two New Senators for San Luis

PY2009204295 Buenos Aires TELAM in Spanish 1503 GMT 20 Sep 95

[FBIS Translated Text] San Luis, 20 Sep (TELAM) — The San Luis Congress today elected Bernardo Quinzio from the Justicialist Party, and Jorge Agundez from the Radical Civic Union, as senators for San Luis Province. Quinzio was elected because he represented the majority while Agundez was elected to occupy the third seat, which is allocated to the minority. Their term ends in 2001.

Santa Fe Electoral 'Scandal,' PJ Infighting Viewed

95SM0511A Buenos Aires CLARIN in Spanish 10 Sep 95 pp 16-17

[Commentary by Eduardo van der Kooy: "Under a Cloak of Suspicion"]

[FBIS Translated Text] It has been a week since the election in Santa Fe, and all we know is the story of a scandal. There is no certainty, much less a guarantee, who the next governor of the country's number three electoral district will be.

Already four days have passed since the strike by the General Confederation of Labor (CGT) against unemployment, and the same old doubts persist. We do not know how much the labor leaders' decision was influenced by the need not to seem insensitive to the social tragedy, by the urgent need not to give ground in the union struggle, or by encouragement from the administration itself to keep on hounding Domingo Cavallo and turn him into the person solely responsible for the jobless rate.

It has been two weeks since the economy minister's charges of ties between alleged mafias and the government touched off a crisis in the administration, and no official words or gestures have been enough to restore calm completely.

There seems to be a thread running through each of these episodes. Since the ruling party won half of the votes last May, the administration has felt almost like the exclusive master of Argentine politics. It has done as it pleases, aided by the weakness of the opposition, but as a logical and awkward consequence, has triggered an untimely internal struggle for succession in 1999.

When it rains, it pours. The administration's political conduct has been far from spotless throughout these years. From the looks of things, this vice remains intact and, in fact, has been intensified by those who believe that the next presidency is within their grasp.

They are attacking each other. Intrigues and dirty play are coming to overshadow the noteworthy support that Menem continues to show at the polls, even under objectively unfavorable conditions such as the present ones.

The election in Santa Fe seemed to sum it all up. Carlos Menem, Eduardo Duhalde, Cavallo, and Palito Ortega chose it as the place in which to gauge their future strength. Irregularities and mistrust followed on the heels of the election, in which only the ruling party's men became featured actors.

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Former socialist Hector Cavallero, sponsored by Eduardo Bauza, Carlos Corach, and Ortega, straightforwardly accused Duhalde and Carlos Reutemann of having staged a fraud. Jorge Obeid, the heir apparent to the two governors, aimed his guns at the Casa Rosada.

All traces of decorum vanished. Minutes before the official election returns agency [Correo], on orders from Menem, reported the provisional results on Wednesday, adding to the confusion, Reutemann told Corach not to think twice about resorting to any ploy to prevent an announcement that he regarded as harmful to his candidate.

He even proposed to a perplexed minister that he explain to the public that the partial tally sheets had regrettably been destroyed in an accidental fire.

In the meantime, the opposition seemed like a spectator with a particularly good seat. The Radical Civic Union (UCR), in particular, withdrew rapidly from the battlefield, and the Front's leaders were content to show off their victory in the race for the Rosario mayor's office, which was won by socialist Hermes Binner.

The return came late. Horacio Usandizaga emerged from a lengthy silence and questioned the validity of the election, and the bloc of UCR deputies called for Corach's resignation. Raul Alfonsin chose to caution the administration in an undertone about the gravity of the situation.

In contrast, they ignored the election irregularities for quite some time once they learned that Peronism as a whole, under the political parties law, had beaten them. They did not seem too concerned about the fact that the ruling party's candidates suspected vote rigging.

What happened in Santa Fe had a precursor that almost everyone forgot about. There were certain shady characteristics to several elections last May. We might mention the one in Entre Rios but especially the one in Misiones, where there were even charges that ballot boxes had been burned.

Neither the administration nor the opposition seems willing to do what it takes to preserve the core of the democratic system: The lack of openness in elections detracts from the legitimacy of and impairs collective trust in our institutions.

Some remedies that the government proposed seemed worse than the disease. The assumption was that the whole problem may have rested with the official election returns agency, and many pushed the idea, which they still support, of removing its director, Haroldo Grisanti, as a way of severing the chain at its weakest link.

Friends and foes came together here. Reutemann and the Duhalde backers, and the Cavallero and the Menem supporters saw their chance to collect on a long-standing debt from Cavallo. Grisanti is a staunch backer of Cavallo and a controversial element in the still unfinished battle over the post office law.

Menem and Cavallo were once again the two sides of the same coin. "When a state-run enterprise fails, some people are to blame and will have to pay," the president said. "There was some harmful hand that wanted to create doubts about the cleanness of the election," the minister contended, suggesting that the breakdown of the computer system may have been due to sabotage.

No one really dared get down to brass tacks. The official election returns agency may bear some of the blame for the scandal in Santa Fe, but the validity of an election cannot depend on the efficiency of a company. The underlying issue is the political health of a country, and the authorities are more responsible for that than anyone else.

Santa Fe at least has a governor and an internal affairs minister. If this is not enough, the explanations and guarantees will have to come from the highest echelon of the national government.

Too many questions remain unanswered. First, why were so many of the ballot boxes in towns in the interior of the province supervised by the police and even by private security instead of the Army? And then, why were the actions of several prosecutors challenged, especially in cities like Obligado and San Cristobal?

We also need to investigate why the first and only tallies reported by IPEC (Provincial Institute of Surveys and Census) came from towns in which Obeid dominated.

Moreover, we need to find out what prompted Reutemann to sign a discriminatory contract with the official election returns agency. The headquarters in Rosario could track only the returns from departments in the south (which were known to favor Cavallero), while the entire province was being monitored from Santa Fe.

In addition, we need to find out why the governor of the province pressed for an agreement with PJ [Justicialist Party] and opposition sectors to conduct a vote-by-vote recount, arguing that a provisional tally did not exist. The election returns agency demonstrated the opposite by making public a sloppy tally.

Finally, the most frightening question is what happened during all those hours when the public was not receiving any information.

The real battle seems to lie hidden behind this embarrassing episode. Duhalde brought it out into the open

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when at the close of the campaign he said that the pro-government political forces were offering three Peronist parties and a socialist one. The governor of Buenos Aires is betting heavily. There are weighty political reasons for his alliance with Reutemann: he needs his support right now with an eye toward next year's discussion of the fate of the renovation fund for the greater metropolitan area, to which many provincial governors, and Cavallero as well, have objected.

He also needs him to further his ulterior goal: to become president in 1999. It is with good reason that he has suggested that Reutemann be his running mate. Duhalde thinks that an axis of power between Santa Fe and Buenos Aires would put him in an unbeatable position vis-a-vis any challengers.

They have shown some of their cards. Cavallo seems to be protected by local and international economic power groups; Ortega combines backing from pro-Menem factions with his natural popularity.

Duhalde's early consolidation would also be harmful to the president and his politicians. If this were to happen, Menem might see a premature waning of his power, which he must still exercise for four more years. We can thus see why Santa Fe was the scene of such a fierce battle in the ruling party.

Unlike the others, Cavallo had an additional front on which to fight. The CGT strike put him in the crosshairs, and Gerardo Martinez' remarks seemed to confirm this. The head of the CGT did everything he could not to inconvenience the administration, but he did have harsh words for the minister himself.

The strong-arm measure laid certain facts bare. For example, the limitations of the CGT were made very clear: It is well nigh impossible to be pro—administration and in the opposition at the same time, and to prevent other union groups, such as the Movement of Argentine Workers and the Congress of Argentine Workers, from taking advantage of the economic plan's weaknesses.

Commitments are binding. The CGT feels that it can still secure certain concessions from the administration when medical care benefits are deregulated if a plan that is in the works and in which several employer sectors would take part is successful.

The march was useful for them in this sense rather than in furthering their desire to gain influence among the hardest hit segments of the community: The rally in Congress must have been the most representative for the sector in the past decade. The protests that Saul Ubaldini headed some time ago always had the support of the political parties.

The strike thus became a new element in the underlying crisis that has beset the government since Cavallo decided to do battle with Menem.

There are additional signs on the surface. Bauza told businessmen that it would be a good idea to depersonalize the economy, an idea that hints at the minister's replacement. The president will urge something similar this week in speaking before top national bankers. Vice President Carlos Ruckauf has again stressed, along with Duhalde, the advisability of dividing the economy ministry.

As a backdrop to all this we witnessed a time-honored ritual: Menem maintained that Cavallo would remain with him until 1999, and the minister echoed him.

The markets rise and fall every week, and the public listens incredulously to what the government has to say.

Brazil

President Cardoso Wants Partners for Technology Exchange

AU1809133195 Munich FOCUS in German 18 Sep 95 p 353

[Interview with President Henrique Cardoso by Carsten Bruder; place and date not given; "Brazilians Looking for Partners"]

[FBIS Translated Text] [Bruder] Mr. President, what are your expectations when you visit Germany?

[Cardoso] We hope that German entrepreneurs will invest in Brazil even more than so far. I believe we have good prospects. Furthermore, Brazil has more common points with Germany than with any other EU country.

[Bruder] In what respect?

[Cardoso] German-Brazilian relations have a long tradition. Germans have been represented strongly in Brazil for a very, very long time.

[Bruder] You have always spoken of a strategic relationship between Brazil and Germany. Why strategic?

[Cardoso] Here strategic is not meant in the military sense: The exchange of technology has strategic importance for Brazil. We know that we must expand and deepen education, training, and knowledge with a view to the coming millennium. We are looking for a partner for this task.

[Bruder] A partner also in nuclear technology?

[Cordoso] No, no. Nothing more of nuclear technology.

[Bruder] You want to determine the priorities of Brazil's foreign policy anew. How important is Germany in this?

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[Cardoso] After our neighbors, the United States is most important for Brazil. Then my country has further natural allies, such as Germany, Japan, and China. These are the most important partners for an exchange of technology.

Marco Maciel Approves Political Parties Law

PY2009204495 Sao Paulo AGENCIA ESTADO in Portuguese 0207 GMT 19 Sep 95

[Report by Tania Moneteiro]

[FBIS Translated Text] Brasilia, 19 Sep (AE) — Acting President Marco Maciel today approved the Organic Political Parties Law [Lei Organica dos Partidos-LOP], but vetoed four points of it. The vetoes apply to the first and second paragraph of Article 38 — about party funds. The first paragraph foresees that during the year elections are held, public budget allocation for political parties would be doubled. Maciel vetoed it, alleging that the economy is now stable and there is no reason why the budget should not be implemented as there is no inflation. Maciel added that the resources meant for political parties can be applied to social programs. The second paragraph of Article 38 allows individuals and companies to deduct donations from their income tax declaration.

Article 5, which Maciel also vetoed, extends the tax exemption which political parties and their foundations enjoy to institutes linked to the parties. This article would have freed them from paying taxes on assets, incomes, or services related to their institutes. This article was considered unconstitutional.

Marco Maciel also vetoed the introduction of Article 52 of the Organic Political Parties Law. This article establishes that parties need not pay any taxes and could publish for free their documents, edicts, financial balances, and brief informative articles in the official gazette, or announce them through radio and television stations that belong to the government, states, or municipalities located in the cities where they have their headquarters, in keeping with instructions that would be established by the superior electoral court. The president vetoed the article asserting that the Constitution establishes that any subsidy, exemption, reduction of tax calculation base, credit concession, amnesty, or pardoning of taxes, fares, or contributions can only be granted through a specific law that exclusively regulates these subjects or the corresponding tax or contribution. Once again, the message sent by Maciel to Congress states considers the article unconstitutional.

Senate Postpones Debate on Patent Bill

PY2009125195 Sao Paulo AGENCIA ESTADO in Portuguese 2201 GMT 19 Sep 95

[By Aldo Renato Soares]

[FBIS Translated Excerpt] Brasilia, 19 Sep (AE) — Due to a lack of quorum, the Senate Economic Affairs Committee (CAE) today did not debate the modifications and observations to the report of Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] on the patent bill. Committee chairman Senator Gilberto Miranda (PMDB) (Amazonas) postponed the debate until 26 September. However, the debate might be held on an earlier date if Miranda decides to grant a request by Senator Ney Suassuna (PMDB) (Paraiba) to make a decision on the subject on 20 September.

Suassuna fears that the delayed debate on the bill at the Senate might lead President Fernando Henrique Cardoso to issue regulations for the rules of the Uruguay Round of Talks of the GATT, which provides for granting patents for pharmaceutical and agricultural chemical products registered abroad, for a five-year term. [passage omitted]

Patents Bill To Be Voted in Senate Committee Tomorrow

PY2009152995 Sao Paulo AGENCIA ESTADO in Portuguese 1501 GMT 20 Sep 95

[FBIS Translated Text] Brasilia, 20 Sep (AE) — Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party- Amazonas], president of the Economic Affairs Committee of the Senate, has summoned the committee members for 21 September to hold a special session to vote on the amendments to the patents rights bill. The summons was negotiated with Senator Ney Suassuna (PMDB- PB) [Paraiba] who submitted several amendments to the bill and who has been the rapporteur of the patents rights bill in Constitution and Justice Committee.

Commission Deems Tax Reform Amendment Constitutional

PY2109035495 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Sep 95

[Report by Flavio Figueiredo at the national Congress]

[FBIS Translated Text] The Constitution and Justice Committee, CJC, of the Chamber of Deputies has deemed the tax reform amendment constitutional. The

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approved text maintains the government proposal allowing suspension of bank secrecy even without a court order. The idea is to make it easier to investigate companies charged with tax evasion. The committee rejected, however, the government's proposal allowing the establishment of a refundable tax in order to contain consumption. The tax reform amendment, which was approved by the CJC by a vote of 32 to nine, will now be sent to a special committee that will analyze its merit. The amendment will immediately be voted on, in two rounds, at a plenary session of the Chamber of Deputies.

The Senate today began discussing the establishment of the tax on financial operations, the CMF, to finance health area expenses. The government leader in the Chamber of Deputies, Deputy Luiz Carlos Santos, believes the proposal will be easily approved.

Action by Landless People Movement Agents Viewed

PY2009214895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Sep 95 Section 1 p 8

[Article by special correspondent Abnor Gondim]

[FBIS Translated Text] The MST [Landless People's Movement] has "professionals" for organizing itinerant workers, cotton harvest workers, and land tenants, and for raising the morale of landless people's camps all over Brazil.

Four of them were sent to a farm in Rio Preto, on the border between Goias and the federal district.

Their objective was to organize the occupation of Barriguda ranch, which began on 1 September.

All of them claim to be socialist, the political option of the MST, which has great appreciation for the Cuban regime.

The MST has hailed the fact that the government of Fidel Castro has survived the downfall of the USSR and the destruction of the Berlin Wall.

Born in Rio Grande do Sul, Gerson Telocken, 36, participated in one of the first MST occupations of Annoni ranch, in his state. He has visited Cuba and Russia on two occasions.

He visited those countries to take courses in farm techniques and to receive preliminary information on the socialist system of production.

Says Telocken: "I don't want to talk about that. People believe I learned guerrilla techniques there, which is not true. The stay in Russia was even annoying. We spent a good deal of our time visiting museums."

Another MST delegate to Barriguda ranch was Parana-born Lourival Lesse, 22.

At the age of 11, he joined landless people in the first of a series of invasions. He says: "The MST sends people whenever they are needed on occupied land. Our idea is to turn Brazil into a socialist country."

Telocken and Lesse are single. Married people are not generally recruited for this job.

Before finding them at the camp, Lieutenant Colonel Geraldo Oliveira, who was charged with peacefully evicting landless people, said that "they are professional land invaders."

National MST coordinator Gilberto Portes has denied the charge.

Portes said that MST members want landless people to join a productive process that will be important for the country.

"We are not thinking of developing an agricultural system for survival, but a large-scale system," Telocken said.

Military Recommends 'Urgent Measures' Against Land Invasion

PY2009222795 Sao Paulo AGENCIA ESTADO in Portuguese 2349 GMT 19 Sep 95

[By Tania Monteiro]

[FBIS Translated Text] Brasilia — According to a high-ranking military officer, "the allocation of merely 107 million reals for the agrarian reform program is clear evidence that the federal government is not granting the necessary attention to agrarian reform in Brazil." The Army Ministry believes the administration should adopt a more aggressive position on the issue so as to decrease the number of land conflicts in the country. It also believes that "timid" actions have been undertaken on this issue.

During a meeting with legislators today, Acting President Marco Maciel confessed his concern over the increasing number of land invasions in the country and promised he will address the issue with President Fernando Henrique Cardoso upon his return to Brazil. Marco Maciel reasserted his fears during a meeting he held in Recife with members of the Army high command. Marco Maciel held a meeting at the Planalto Palace last week with leaders of the landless people movement.

The Army intends to continue drafting reports on land invasions but it has no plans to submit them

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to Planalto Palace. The intention behind this fact-gathering activity is to keep the Army abreast of the situation in rural areas. According to military officers, this information is withheld because it is considered a national security issue, and as such they may be summoned at any time to either undertake specific actions, give their opinion on the movement, or even explain that they cannot meddle in the issue because it is not a duty of the Armed Forces.

The military is of the view that this issue demands "direct action" because otherwise the land invasions will increase. According to the Army report, there are more land invasion cases today, particularly in more productive rural areas. For example, there are no land invasions in the northeastern region.

The Armed Forces have explained that their concern is based on the fact that because Armed Forces members are stationed nationwide, they are better able to assess the true dimensions of the problem and the need to adopt urgent measures. One of the officers said that the Army, more than any other institution, is better able to assess the development of the landless conflicts, and this is why he has decided to make an unofficial statement on the issue.

Arianespace To Provide Financing for Satellite Launches

PY2009222395 Sao Paulo AGENCIA ESTADO in Portuguese 1859 GMT 19 Sep 95

[Report by Jo Galazi]

[FBIS Translated Text] Rio de Janeiro, 19 Sep (AE) — The Arianespace satellite launching company is creating an enterprise to attract funds to finance the projects of its clients. Arianespace President Charles Bigot said today in Rio de Janeiro that Brazil will become a major satellite launching market once regulations are issued for private sector work in telecommunications, and that his enterprise is willing to raise funds for Brazilian group projects.

He explained that there are at least two major groups which, after privatization, will actively engage in the telecommunications satellite sector: the Victori group, which comprises Globo Organizations, BRADESCO [Brazilian Discount Bank], and Odebrecht; and the Itamarati group, which belongs to the so-called soybean king Olacyr de Moraes in partnership with Germany's Daimler Benz and the U.S. Splice company. Bigot explained that he is in Brazil to evaluate the market because the private sector will soon be allowed to work in telecommunications.

He said, however, that since Arianespace does not build or operate satellites, it will not join any consortium. He said: "We are satellite launchers and we do not want to mix things up."

He emphasized that his enterprise is interested in privatization projects in Brazil only as a supplier of services to groups that will work in telecommunications, and obviously to Embratel [Brazilian Telecommunications Company] and Telebras [Brazilian Telecommunications, Inc.] — two state-run companies with which Arianespace has long been closely related. Arianespace launched all Embratel telecommunications satellites. It has a monitoring station in Barreira do Inferno, Natal (RN) [Rio Grande do Norte].

Bigot explained that launching a satellite costs between $150 million and $200 million, an amount that enterprises do not always have, in addition to the difficulties they face buying insurance and reinsurance contracts. The enterprise that Arianespace is creating will obtain financing for those enterprises, provided — obviously — they are its clients. Bigot said: "We will provide approximately 75 percent of the necessary funds, and we can arrange insurance and reinsurance."

Arianespace has launched 75 percent of the telecommunications satellites in the world, in addition to operating more than 50 percent of the commercial space transportation market. It is a private enterprise that was created in 1980 through a partnership among France, Germany, Belgium, Denmark, Spain, Great Britain, Ireland, Italy, Norway, the Netherlands, Sweden, and Switzerland.

Steps of Mercosur-EU Integration Process Analyzed

PY2009222595 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 p A7

[Article by Marcia Raposo]

[FBIS Translated Text] Commercial and political negotiations between the EU and Mercosur [Common Market of the South] will begin early in 1996. A commercial subcommittee to discuss the list of exchangeable products and merchandise, and a forum to settle eventual disagreements will begin to informally operate even before the Congresses of the Mercosur countries and the European Parliament ratify the measure.

A commission of EU and Mercosur representatives — France, Italy, Spain, and Brazil — on the afternoon of 15 September designed the political negotiations for the first implementation phase of the agreement between the two blocs. The commission established that chiefs of state, foreign ministers, and ministers of other portfolios will hold formal, regular meetings.

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Brazilian Foreign Minister Luiz Felipe Lampreia said: "The master agreement should be ready before the end of the year for congressional ratification by Mercosur countries and by the European Parliament." The minister added that the final text of this first phase of the accord, which provides for the creation of two forums to debate specific sectors by the two blocs, will be concluded at a meeting on 28 and 29 September in Montevideo, Uruguay.

The representatives of the two blocs — who have been discussing the final text of the agreement for about a year — will then continue to create subcommittees and forums for debate. By the time these agreements have been ratified by the governments of the two blocs, the institutions for formal negotiations will already be established.

Jorio Dauster, who heads the Brazilian mission before the EU, told this newspaper: "Despite the problems and discrepancies that the various countries must still settle, the atmosphere is very positive. We will continue to create subcommittees, like the commerce subcommittee, and forums for debate in order to expedite the work before the formal and final ratification of the agreement."

EU Vice President Manuel Marin has said that the first phase of the agreement — that is, the phase of commercial negotiations and, above all, the settlement of internal Mercosur problems — will take about five years. The start of formal relations — including the creation of a free trade zone by the two blocs — will take another five years. "This is equivalent to 10 years to put in practice what we are now planning," said Marin, adding that there are still many specific problems to be resolved — especially economic problems.

Dauster believes Mercosur country efforts, for example, against surcharges or protective tariffs imposed by Europe which harm Mercosur members, will continue to be channeled through the appropriate organs, like the WTO. Matters like the Brazilian action against the surcharge on sisal, or the antidumping action to protect Brazil's silicon-magnesium, will continue along their normal course.

Dauster is optimistic about sensitivity, especially by Europeans, toward quotas and the 70-percent tax that Brazil unilaterally imposed on imported vehicles. Dauster wondered: "Would they prefer the effects of a crisis in Brazil, which would have occurred if Brazil had not rapidly safeguarded its reserves, and which would have followed the effects of the Mexican crisis?" Dauster recalled that European partners also adopt surprising measures, without any inhibitions, to protect their position. Dauster said: "We must lose this inferiority complex."

Chile

President Frei Booed During Military Parade

PY2009131295 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 20 Sep 95

[FBIS Translated Excerpt] On the glorious day of the Army, 12,000 troops of the Armed Forces and Carabineros displayed their gallantry and discipline in a military parade.

The traditional parade, which is staged every 19 September at O'Higgins Park, began a little before 1500 with the arrival of the troops. President Eduardo Frei arrived together with the defense minister. Frei reviewed the troops along with Major-General Carlos Krumm, Santiago Garrison commander. He then moved to the stand of honor where ministers of state, corps of generals, civilian and military officials, and special guests were waiting for him.

Amid applause and some booing, Frei took his place at the stand of honor. A folk group performed in front of the stand, while the president tasted the traditional chicha and watched the traditional cueca dancing as a prelude to the parade.

[Begin recording] [Gen. Krumm] Mr. President, I request your authorization to begin the 1995 great military parade in honor of the glorious Army of Chile.

[Frei] You are hereby authorized, General. [applause] [end recording]

The parade began at exactly 1530 with the steps of the [name indistinct] School of Cadets. They were followed by cadets from the Bernardo O'Higgins Military Academy. For the first time a female company of junior lieutenants, future Army officers, paraded before the president of the Republic. The Arturo Prats Naval School Cadets also paraded. With gallant steps the Navy cadets delighted the people.

Acrobatic Halcon planes and Pillan training planes began the parade of the Captain Avalos Aviation School, whose officers won the applause of the people for their perfect, consistent steps.

The same thing happened as the General Carlos Ibanez del Campo Carabineros School cadets also paraded to the tune of the "Parade of Tall Men" march, stressing the parade of the institution's female contingent.

More than 2,000 naval troops also honored the officials with their gallant parade. They marched together with members of the school of cadets and of the supply and operations regiment, and a marine contingent.

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The Air Force combined its steps on the ground with air flights of Halcon training planes, A-37, F-5 Tiger aircraft, and for the first time, the Mirage Elkam aircraft which were recently purchased from Belgium.

The Air Force troops were followed by the great band of the Santiago Garrison and by officers of the Chilean Army. Headed by General Eugenio Videla, behind the banner-bearers, the command of military institutions began its parade with a female contingent. [Words indistinct] Tacna, Maipu, and Lautaro also displayed this time their special flags used during the Pacific war.

The Infantry school also displayed its new Mowags fast transportation vehicles. The Army aviation was also present with helicopter gunships.

After two hours and 15 minutes, the military parade concluded with a display of the M-41 and Sherman tanks. [passage omitted]

At the end of the military parade, Carabineros and security personnel strictly protected the departure of the top officials, not allowing reporters to obtain any remarks. Only the Cardinal Archbishop of Santiago, Msgr. Carlos Oviedo expressed his opinion on the parade.

[Begin Oviedo recording] As every year, it was a very nice parade. [end recording]

Deputy Jaime Gazmuri also made some remarks. [Begin recording] It was a brilliant parade, but considering this represents a celebration for the whole country, it is unfortunate that a clearly organized official group had to spend two hours attacking the president of the Republic. I think this is unfortunate, and the organizers of this act must be blamed for this situation, because this is not like the people from the street who have the right to applaude or to boo public officials, but in an organized ceremony organized by the Santiago Garrison, it is unfortunate to have a group organized to provoke top government officials. I think this is an act that must be condemned. [end recording]

The foreign minister and the government secretary general declined to make any remarks.

President Plays Down Booing

PY2009150095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 20 Sep 95

[FBIS Translated Excerpt] After almost three hours of a military parade President Eduardo Frei returned to La Moneda government house, where he said the military parade was impeccable.

[Begin recording] [Unidentified reporter] Mr President, what do you think of the booing during the parade?

[Frei] This is part of our national behavior, this is how some people are.

[Reporter] Does this mean there is still much to be done for reconciliation?

[Frei] Time is still needed for reconciliation but it was only a small, screaming group of people who organized themselves for this purpose. I paid no attention to them.

[Reporter] What do you think of the booing?

[Defense Minister Edmundo Perez Yoma] I didn't hear boos, what I heard were shouts in favor of other people. This is part of living in a democracy. Obviously, there was a small organized group shouting slogans but they were not offensive to the president.

[Reporter] Regarding this incident, Government Minister Jose Joaquin Brunner said with a smile that he did not bring a gauge to measure the applause. Others, however, were more critical. [passage omitted]

[Carabineros Deputy Director General Fernando Cordero] I don't want to make any comments about this, but I believe we have to accept that there are crazy people in Chile like any other place. [end recording]

The activities in the government house concluded with a gathering for refreshments which President Frei organized for his cabinet.

Aninat: Fast Track Approval 'Very Difficult'

PY2109032095 Santiago EL MERCURIO in Spanish 19 Sep 95 p C3

[FBIS Translated Text] Finance Minister Eduardo Aninat yesterday acknowledged that the U.S. domestic situation makes approval of "fast track" [preceding two words in English] treatment "very difficult," which would seriously affect the Chilean intentions to join NAFTA.

Aninat said that Chile maintains its stance of negotiating provided the U.S. Administration obtains the necessary authorization.

Aninat, who is in charge of conducting negotiations with Canada, the United States, and Mexico, discussed the matter over the phone on Sunday night with U.S. Trade Representative Mickey Kantor.

When asked about the possibility of an agreement between Republicans and Democrats on the type of "fast track" treatment authorization they would grant President Bill Clinton, Aninat said that we would only have a firm assessment this weekend, following the

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conclusion of the first stage of this process, which is known as "mark up" [preceding two words in English].

A meeting of the House of Representatives Ways and Means Committee will be held on Friday, during which a so-called trial vote [votacion de ensayo] will take place. No agreement has yet been reached between the ruling party and the Republican majority on what type of authorization they will grant President Clinton to negotiate trade agreements.

Aninat added that according to what he discussed with Kantor, the aforementioned session will be held this coming Friday [22 September], but matters related to attendance, to the position on the legislative agenda, and to voting are still being finalized — no congressional session is scheduled on that day.

Insulza: Negotiations Without Fast Track Unlikely

PY2109034895 Santiago EL MERCURIO in Spanish 18 Sep 95 p C2

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza stated yesterday that if the U.S. Administration does not obtain the authorization known as the "fast track" [preceding two words in English], Chile will not be willing to conclude negotiations to join NAFTA.

He added that he fully agrees with the opinion of business sectors such as the Production and Trade Confederation to the effect that the important thing for the country is not to achieve an agreement as soon as possible, but to negotiate well and not hastily.

When asked about the uncertainty prevailing in the United States concerning this authorization, which is necessary for the Administration to negotiate trade agreements, Insulza said Chile expects that all steps of this process will be fulfilled.

"Negotiations will have to conclude when member countries are in a position to conclude them, and we understand that without the "fast track" [preceding two words in English] treatment authorization, they will not be concluded," Insulza said. [passage omitted]

He added that for this reason, and despite the fact that it is a strictly domestic affair of the United States, Chile claims that it is very important for President Clinton to obtain the "fast track" [preceding two words in English] treatment authorization.

"It is not that we are meddling in U.S. domestic affairs, but we need a formula to negotiate that will guarantee what is negotiated — which, in general, involves transactions, mutual concessions — and to ensure that agreements are kept unchanged in the approval of the text," he said. [passage omitted]

"We need the 'fast track' [preceding two words in English] to negotiate, to commit, to bargain. Otherwise, we will negotiate twice," Insulza said.

Concerning remarks made yesterday by Victor Joy Way, Peruvian Congress first vice president, the Chilean foreign minister said he expects the Chamber of Deputies to discuss the Lima Convention after learning what will happen in the Peruvian Congress. [passage omitted]

What will be the Chilean position if Peru again proposes some changes in the Lima Convention?

According to our judgment, conventions are a closed package. Thus, reopening them would imply renegotiation, new negotiations, and in a new negotiation we might as well have some pending matters we would like to propose in a different manner.

Pinochet Bids Farewell to Peru-Ecuador Border Observers

PY2109014595 Santiago EL MERCURIO in Spanish 16 Sep 95 p C5

[FBIS Translated Excerpt] The Army commander in chief, Captain General Augusto Pinochet, today bade farewell to the third delegation of military observers from his institution that will leave for the border between Peru and Ecuador.

This group is part of a larger delegation of officers and noncommissioned officers of the Army, Navy, and Air Force that, since March 1995, has been overseeing the cease-fire in that border zone, which was the object of an armed conflict between Peru and Ecuador in January and February of this year.

The tour of duty of the current Chilean peace delegation, which will leave on 28 September, will last 92 days, and its members will be joined by officers from Brazil, Argentina, and the United States, the other guarantor countries of the 1942 Rio de Janeiro Protocol. [passage omitted]

At the end of the brief ceremony held at the Armed Forces building, Army Operations Director Brigadier General Jorge Lagos Silva said that this peace mission could be the last of its type because, in his judgment, "the latest events give indications along these lines."

"We have direct information from the military missions that there is, in fact, a climate of relaxation, which is increasingly more noticeable. From what we can see and determine, there are very good prospects with regard to relations between the two countries," Lagos said. [passage omitted]

Only Lieutenant Colonel Barahona will play the role of observer in Peru.

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Government, Military Officials View Pinochet's Remarks

PY1909205795 Santiago EL MERCURIO in Spanish 15 Sep 95 p C2

[FBIS Translated Excerpt] Jose Joaquin Brunner, minister secretary general of the government, said yesterday that some of the statements that have been made in the past few days seek to polarize the debate. He said that this does not lead to true reconciliation.

Addressing the same issue, Defense Minister Edmundo Perez Yoma expressed concern that some rightist groups are trying to politicize the Armed Forces.

Yesterday some government officials commented on remarks that Army Commander Augusto Pinochet made during a ceremony held at the Arturo Prat Hall in the Union Club. [passage omitted]

Carabineros Director General Rodolfo Stange agreed with Pinochet that the Armed Forces are being harassed.

Asked whether they are being harassed, Stange said: "Yes, the Armed Forces institutions are charged with doing many things, but not always with the full knowledge of events."

Asked whether forgetting is the best formula for achieving reconciliation, Stange said that forgetting is only part of it. He added that "it entails a lot of understanding and remembering what happened. There are many factors to be taken into account."

Stange regretted that people were killed after 11 September, but he said that people should reflect and remember what was taking place in the country at the time.

Jose Joaquin Brunner said that the government is not concerned about statements but rather about the congressional debate on Frei's legislative proposals.

He added that "any" statement polarizing the political atmosphere that seeks to repeat old situations or promote confrontations do not foster the necessary atmosphere to reach agreements."

He said that if we persevere consensus can be achieved in the Senate.

To this effect, Brunner did not reject the possibility that with a broad point of view the government may study the constitutional reform proposals submitted for congressional debate by three RN [National Renewal] senators.

Senator Sebastian Pinera said that RN will support the approval of the Executive Branch proposals if the administration does the same with the RN proposals for increasing fiscal control and upholding administrative rectitude.

Brunner said: "The administration will review them with the same open-mindedness that it is demanding from the opposition for the strengthening of democracy. We believe the RN proposal enriches the debate being conducted within the Senate commission."

Commenting on Pinochet's statement, Brunner said that it is not their duty to draft psychological profiles of people. He added that they are not concerned with analyzing incidental issues such as these remarks."

Brunner said: "We must concentrate on the basic issues, that is what the country is interested in." [passage omitted]

Army Deputy Commander Guillermo Garin yesterday said he is in complete agreement with what Army Commander Augusto Pinochet said during the luncheon held in Pinochet's honor in the Arturo Prat Hall on 13 September.

Asked about Pinochet's statement, Garin said that he "categorically agrees with what was said." [passage omitted]

In Valparaiso Senate President Gabriel Valdes and Senate Vice President Ricardo Nunez said they disagree with the recent Army commander's statements. They agreed that Gen. Pinochet's statement causes concern because "the intention is to polarize the situation in Chile."

Valdes said he is worried because he believes this attitude and language is unprecedented in Chilean political and democratic history. He said: "It was unnecessary language because I do not think any of the political forces represented in Congress have any intention of harassing, insulting, or antagonizing anyone."

Valdes also criticized the manner in which some military leaders ("not all of them") are expressing themselves because they portray a false image of what is taking place in Chile, both at the domestic and international levels."

World Competitiveness Report Ranking 'Favorable'

PY1909160995 Santiago EL MERCURIO in Spanish 7 Sep 95 p B5

[FBIS Translated Text] Economy Minister Alvaro Garcia said that the World Report on Competitiveness considers the position of the government and businessmen one of Chile's main assets.

Despite the fact that the government has dropped from seventh place in the world ranking in 1994 to 10th

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place this year, the economy minister said that Chile's standing in 20th place in overall competitiveness implies that on average the government is very well qualified.

He added that the evaluation is favorable in important subjects such as the public employment level, where Chile holds fourth place; and expenditure level, where Chile is in fifth place. Regarding honorable public servants unaffected by corruption, the country holds fourth place in the world, being ranked above European and Asian countries.

"Any objective evaluation of the report leads us to conclude that one of the country's most important assets is its government," Garcia said.

When asked how to strengthen consensus on matters as controversial as labor law reform, Garcia said that the government objective is to increase collective bargaining areas and to strengthen the flexibility of labor laws, and thus all actors are expected to be committed to this objective.

He asked the businessmen who object to the proposed formulas to make alternative proposals, stating that the country will not develop by rejecting proposals. He added that with unions that have criticized the reforms, the collective bargaining areas are larger than those for the country as a whole.

He went on to say that 70 percent of the companies belonging to the Industrial Development Association (Sofofa) have trade unions and a collective bargaining system, the national average being 15 percent. What is intended, he said, is to extend a mechanism that has yielded positive results, and the government expects businessmen to be committed to that objective.

Concerning the unfavorable behavior of the average productivity per employee, he linked it to the situation of the medium- and small-sized companies, which represent most of the labor force. He referred to the great diversity of the economy, where modern and technologically developed companies coexist. These companies compete in the international market with productivity levels much higher than the average national level, with small- and medium-sized companies that can hardly keep up with modern world demands to compete on an equitable basis. For this reason, he stressed economic modernization, social integration, and overcoming poverty as great challenges. He noted the backwardness in the distribution of income reflected in the latest Casen [not further specified] poll, stating that it also puts the country on a much lower international level.

Perez Yoma on Changing Sovereignty, Security Concepts

PY1909214195 Santiago EL MERCURIO in Spanish 14 Sep 95 p C2

[By Diana Valdivia]

[FBIS Translated Text] Arica — Asked about the three executive branch proposals on national reconciliation and human rights submitted to Congress, Defense Minister Edmundo Perez Yoma said they are being studied, and that each one stands on its own merit. Perez Yoma said that the proposals are being studied both individually and as a package.

Addressing journalists after his arrival in Arica in the company of the transportation and defense ministries' under secretaries, in addition to approximately 100 special guests, aboard a special flight of a European-manufactured Airbus, Perez Yoma said: "I believe these proposals are very viable politically."

In addition, Perez Yoma said that the concepts of sovereignty and security have changed. He said that these notions have evolved with time, and that in view of this, the purchase of land and property by foreigners in some parts of Arica does not signify a security or a sovereignty problem.

Regarding the incidents that broke out on 11 September, Perez Yoma warned that in the last few days the country has experienced "a slight regression to behavior that we thought was overcome a long time ago."

He said officials will wait until Independence Day festivities are over to conduct a serious and exhaustive study of the issue.

Perez Yoma explained that when he spoke of regression, he was not referring to the entire country.

Antiradar Patrol Vessel Under Construction

PY1909163895 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 19 Sep 95

[FBIS Translated Text] A modern warship that cannot be detected by radar is being built in a Chilean shipyard. Its design is based on the same principles as the U.S. Air Force spy plane.

[Begin recording] [Unidentified reporter] The Asmar [Navy Shipyards and Ordnance] of Talcahuano has been building the offshore patrol vessel [three preceding words in English] warship for the last five months. It was specifically designed to avoid detection by enemy radar. Following international bidding, the Government

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of Mauritius granted the Chilean company the rights to construct the vessel.

[Asmar Projects Chief Arturo Medina] This ship is the first of its kind being built in the world because of its special characteristics, and we hope we will continue to build it.

[Reporter] In this computer simulation we can see that its design is visibly different from an ordinary war vessel. The 4,500-ton vessel can carry one helicopter. It also carries a 50-mm cannon, but a missile launcher or a depth charge can be installed as well. The vessel, which was designed by Canadian experts, does not have skylights to avoid detection by enemy radar. Its four engines have silencers for the same reason. The vessel has similar objectives as the U.S. spy plane.

[Asmar Administrator Captain Hernan Barria] This is similar to the F-117A, the plane that was tested during the Persian Gulf war which was able to fly without being detected by enemy radar.

[Reporter] The ship, which can sail at 22 knots, will be used as a patrol vessel by the Mauritius Government to monitor its exclusive economic zone. This modern vessel will be put to sea next November and delivered to the Mauritius Government in April 1996. [end recording]

Concession To Transport Gas From Argentina Granted

PY1909214295 Santiago EL MERCURIO in Spanish 14 Sep 95 p B1

[FBIS Translated Excerpt] The Economy Ministry yesterday submitted to the office of the comptroller general of the Republic decrees granting the Gasandes and Transgas consortiums concessions for transporting natural gas from Argentina to Chile. This information was disclosed by Economy Minister Alvaro Garcia.

Asked if the market is large enough for two consortiums to operate, Garcia said the government had decided not to select just one, but to ensure the gas reaches Chile in a competitive manner so that any economic agent may be able to purchase it.

He explained that granting the concession does not mean the projects must necessarily by implemented, but they can start negotiating rights on the affected land, which is a crucial requisite for the projects. [passage omitted]

Record Fruit Exports Reported

95SM0484A EL MERCURIO in Spanish 11 Aug 95 pp B1, B6

[FBIS Translated Text] The fruit producers and exporters have set an absolute record. In the course of the current season, more than a 150 million cases of various types of fruit have been sold to foreign buyers.

And this is without adding in the exports of vegetables. If these shipments are included, the total comes to more than 158 million cases sold abroad.

This figure is excellent news for the National Association of Exporters, which has continually complained about the "multiple problems plaguing the sector."

In relation to this, the president of this professional group, Ronald Bown, said: "We are in a year of recovery. Never have we succeeded in selling so many cases in one season, and this is mainly explained by the recovery in international prices. We hope that this trend will continue."

Major Increase

According to Ronald Bown, fruit dealers had exported 150.2 million cases as of 3 August of this year, representing an increase of 8.7 percent over the figure for the comparable period in 1994.

It should be noted that during the whole of the last season, only 140.4 million cases were shipped.

If the shipments of vegetables during the most recent period mentioned are added to those of fresh fruits, the total sold abroad comes to about 158.3 million cases.

This figure represents an increase of 9.3 percent over the same period in 1994.

"We are making multiple efforts to increase the quality of our products. Thanks to this, we have tripled the volume exported in 10 years," Ronald Bown said. He recalled that in 1985, the possibility of selling 50 million cases abroad was but a dream.

Today, on the other hand, fresh fruit from Chile is to be found on more than 70 markets. And during the past year, countries including Vietnam, Indonesia, and Thailand were added to the list.

Markets and Products

An analysis of exports of the various types of fruit and markets indicates that as of 3 August of this year, table grapes continued to be the product with the highest volume of foreign sales, representing 42 percent of the shipments.

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Also, kiwi fruit accounted for 21 percent of the exports of fresh fruit.

The third most important fruit export was red apples, with a percentage of more than nine percent of the total exported.

If, on the other hand, an evaluation of fruit exports is based on markets, the United States and Canada prove to be the most important.

In fact, these two countries account for the import of 41 percent of the fruit shipped from Chile.

Europe, for its part, purchases 33 percent of the fruit Chile exports.

Conflict in the Fruit Sector

But not all is perfection. The record set in exports of fresh fruit surprised the businessmen involved in the process, who are preoccupied with a new crisis.

In fact, to the almost routine problem caused by the decline in the rate of exchange, a new conflict between the producers and the exporters was added this week.

Early this week, the producers, represented by the FEDEFRUTA [Fruit Growers Federation] charged that the export firms were engaging in "typical authoritarian actions."

At the same time, the FEDEFRUTA suspended relations with the Association of Exporters.

In commenting on this break, Ronald Bown cited a survey carried out by the Time enterprise.

One of the principal conclusions of this survey indicated that 79.7 percent of the more than 10,000 producers of fruit believed that their relations with their export enterprises are excellent.

"Therefore, any effort to divide the export sector is doomed to failure," Bown concluded.

Sofofa Seminar Examines NAFTA

95SM0484B Santiago EL MERCURIO in Spanish 9 Aug 95 p B3

[FBIS Translated Text] Andres Concha, the private sector coordinator for negotiations with NAFTA [North American Free Trade Agreement], has expressed the view that although the "fast track" program the United States Congress will approve makes no mention of the labor and environmental issues, the most likely thing is that these issues will be included when Chile signs this treaty, since Mexico and Canada have already underwritten these appendices.

He discussed these matters in his address to the seminar organized by the international sector of the Sofofa [Industrial Development Association]. It was attended by representatives of that association including Alfonso Swett and Gustavo Gallardo, as well as business consultant Jorge Quiroz.

The moderator of this seminar was Felipe Lamarca, the acting president of the Sofofa, who reiterated the concerns shared by NAFTA and the MERCOSUR [Common Market of the South] that need to be taken up in Chile. They include education and training; taxes; increasing public expenditures at a rate slower than the increase in production; privatization or the participation of private companies in port activity; making the labor market more flexible; maintaining a real, high, and stable rate of exchange; and modernizing the public apparatus.

Concha said that in addition to the above, an additional savings effort is needed in order to prevent adverse effects on the rate of exchange. Moreover, he came out in favor of establishing a tax on the profits taken out of enterprises, as well as reducing tax burdens such as royalties and licenses for the incorporation of technology.

The Issues

The seminar was organized on the basis of the questions to which the panelists responded. With regard to the labor issue and the environment, the mechanism for the resolution of disagreements called for by the treaty includes consultation, conciliation, and the appointment of a panel to draft a plan of action to be jointly agreed upon with the government charged.

This government promises to implement the plan of action, and if it fails to do so, it must pay a fine that would be used to find a resolution to the problem that gave rise to the charge. The important thing here is the domestic legislation in each country.

Concha recalled that since representatives of the Mexican Government reacted negatively to speculation that another country might not endorse the appendices they had to underwrite (and to a certain extent, this was the position of Canada as well), the most probable thing is that Chile will have to deal with the issue of signing the appendices pertaining to labor and the environment.

Concerning the effects of NAFTA, Gustavo Gallardo maintained that the original norms of the treaty are more restrictive than the bilateral agreement between Chile and Mexico. This situation would complicate the marketing of products, including some types of footwear; textile, automotive, chemical, and metal mechanical goods; tires; and capital goods.

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Regarding the system of simplified tax rebates to exporters, Concha said that it is affected by the World Trade Organization agreement, so that this system would have to cease to function in Chile in some five or eight years.

He added that in the case of NAFTA, the rebate of tariffs on supplies imported by exporters corresponds to what they must pay to enter the NAFTA market. The rate would not be 11 percent, which is the general tariff in Chile, but about two percent, corresponding to the cost of exporting a product to the United States, for example. But it is always possible that the exporter may operate outside the treaty, paying the general customs rate charged by the NAFTA member, in which case it would remain subject to the general rebate system in Chile.

Fernando Aguero, the former coordinator of the negotiations with NAFTA, one of the businessmen who participated in the seminar, emphasized that the negotiations with NAFTA are the responsibility of both the private sector and the government, and that the important thing now is for the business sector to become a participant instead of waiting until the treaty has been negotiated and then beginning to make criticisms.

Similar concepts were advocated by Lamarca, who called upon businessmen to "make themselves the pillars" of the project. And he noted that the private sector lacks the technical and educational preparation needed to negotiate effectively.

Correction to Pinochet Implicates Congressmen in Attack

PY1409222995

The following correction pertains to the item headlined "Pinochet Inplicates Congressmen in 1986 Attack," published in the 8 September Latin America DAILY REPORT, page 66:

Column two, paragraph three, only sentence make read: ...Pinochet immediately explained that he was only talking about "a few congressmen, not all of them." (adding "not" and rewording for clarity)

Colombia

Local, Venezuelan Officials on Fishing Vessel Incident

PA1909134395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 19 Sep 95

[Report by Fabiana Steinmander from Caracas; from the "Seven O'Clock Newscast"; speakers identified by caption]

[FBIS Translated Text] [Announcer] While the Venezuelan Government tried on 18 September in Caracas to play down an incident involving a Colombian fishing vessel, our country's ambassador to Venezuela assured that the firing of 30 shots on a civilian vessel is unacceptable under any circumstances.

[Begin recording] [Steinmander] The Navy General Command has confirmed the detention of a Colombian fishing vessel belonging to Colombia's Vikingo Firm that, according to an official communique issued here, was fishing in Venezuelan territorial waters near Los Monjes Archipelago. The information issued by the Colombian Embassy in Caracas does not match the official version:

[Colombian Ambassador Francisco Posada de la Pena] The firm that owns the vessel claims that it was fishing less than 5 miles from Colombian coasts.

[Steinmander] This is time second time that a fishing vessel sailing under Colombian flag was detained in less than two weeks, and the Venezuelan Foreign Ministry supported the Venezuelan Navy's actions:

[Acting Venezuelan Foreign Minister Milos Alcalay] The Navy asked the Redes 9 vessel to obey the instructions that were issued. Given that it failed to do so, the Navy proceeded to fire the usual warning shot. I understand that the vessel was pierced as it tried to change course, but based on the information I have, the vessel was indeed pierced, but not pierced 30 times.

[Steinmander] The Foreign Ministry stated that the Redes 9 vessel was already freed. It is evident that the Venezuelan Government is trying to play down the incident although it has not yet been determined whether it occurred in territorial waters of Venezuela.

Content of Botero, Avella Testimony Viewed

95WD0444A Santa Fe de Bogota CAMBIO 16 in Spanish 4 Sep 95 pp 12-17

[Article by Maria Cristina Caballero: "Botero Taints the President"]

[FBIS Translated Text] "Naturally, in any political campaign the responsibility for raising funds also falls

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to a good degree on the candidate himself." Former Defense Minister Fernando Botero Zea, who has been under arrest since 2 August, said this when, according to sources in the Prosecutor General's Office, he was asked how Samper's presidential campaign, which he headed, had been financed and where he had gotten the funds.

Former campaign officials have begun a free-for-all of accusations. Juan Manuel Avella, the former administrative director of the campaign, says that irregularities were committed by Botero and Santiago Medina, the former treasurer. Botero says that Avella and Medina were to blame for irregularities. And so on.

Botero has denied having any relationship or conversations with the Rodriguez Orejuela brothers, having received any campaign money from them, having given instructions in this connection or for the distribution of the cash that Medina Serna has spoken of, and, in general, having heard anything about drug money flowing into the campaign.

According to the Prosecutor General's Office, however, the supporting evidence that Medina has furnished the office mentions the handling of sizable sums of domestic and foreign currency in a "peculiar, unusual, suspicious" manner if we bear in mind that most of this money was neither entered into the books nor reported to election authorities. "The off-the-books handling of cash and other money," the Prosecutor General's Office says, "was conducive to the surreptitious entry of funds of every kind, as the true identity of the contributor, the nature of the donations, and even their purpose were kept secret."

The questions posed by the commission of prosecutors and Botero's answers have created more than one surprise:

- When they asked Botero who Nelson Urrego was, he replied that he was someone with ties to drug trafficking. He was then shown written evidence that one Nelson Urrego had made a contribution in foreign currency to the Samper campaign. Botero's emphatic reaction, according to Prosecutor's Office sources, was a refusal to believe that Urrego had contributed to the campaign.

- Botero stated categorically that Alberto Giraldo was in no way involved in the Samper campaign. The Prosecutor General's Office then asked why Giraldo signed a receipt for funds received, which were apparently turned into assets (watches, to be specific), on behalf of the campaign's treasury.

- Botero has denied that Eduardo Mestre received money from the presidential campaign. The Prosecutor General's Office, however, showed him a document by which Mestre took receipt of 15 million pesos earmarked exclusively to defray expenses related to the presidential campaign. Botero said that he had no recollection of this.

- He was also asked whether it was true that the campaign he headed had received contributions in the form of checks made out to third parties involved in the campaign and about who had endorsed them so that they could be turned into campaign funds. According to a source in the Prosecutor General's Office, Botero replied: "Yes, that is true. In order to break up certain payments representing contributions to the various regional treasuries, during the second round of the presidential balloting I asked people linked to the campaign with whom I was on close terms to endorse those checks."

- The payees of these cashier's checks, the amounts of which ranged from 50 to 80 million pesos and which wound up in the presidential campaign till, were, among others: Barbara Vargas Escobar, Alberto Rueda, Jose Antonio Vargas Lleras, Leonardo Carvajal, Maria Ines Londono, Carlos Julio Lopez, Pilar Leon, Monica Guaqueta, and Luis Guillermo Velez (According to the Prosecutor General's Office, these funds are not supported by campaign vouchers).

- The former minister admitted that the funds backing these transactions originated in his personal account in New York, in the United States and that, in turn, contributions in foreign currency from what he called very prestigious financial and industrial groups went into this account.

- When asked how much money in Colombian pesos or dollars was run through his account and later converted into bonds and ultimately into cashier's checks made out to his acquaintances, he said about $1 million.

- He also asserted that the funds in his personal New York account consisted of campaign contributions. When the commission of prosecutors asked Botero what the source of the foreign currency monies contributed to the Samper campaign was, he replied, according to sources in the Prosecutor General's Office, that they were mainly contributions from well known economic and financial groups in the country that were received through two of their individual overseas ac-

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counts. As examples of contributors he cited the Banco Ganadero, the National Federation of Coffee Growers, and several foreign companies that are linked to the Santo Domingo group.

- Botero admitted, among other things, that he has a bank account in New York under the name of his father's estate: Tucurinca. He insisted that the name is just a bank code and that transfers were made through this account.

- According to the Prosecutor General's Office, Botero gave Medina specific orders that in the event he was called before the office, he should furnish as evidence of campaign revenues and expenditures only the documentation that Botero himself provided him; this documentation involved solely the transfers to the various regional treasuries in May 1994 and a list of revenues that would square with the amount reported to electoral authorities.

- The Prosecutor General's Office asked Botero to explain why the administrator of the campaign, Juan Manuel Avella, had told the office that after the first round of balloting the campaign showed a large deficit, which had been reported to campaign chief Fernando Botero, who told him not to worry. According to sources in the Prosecutor General's Office, Botero replied that he was not entirely certain of the status of the campaign or of the legal limits inasmuch as consolidated financial statements of the campaign did not exist and thus had not been submitted at the time.

- Botero said that at the time he had in his possession the checks from the Banco de Colombia Panama transaction and that Medina had insisted to him that he had cultivated a select group of distinguished Colombian businessmen who could help out in the second round of balloting for president. He indicated that he does not know either with whom or how the contacts that Medina was talking about in connection with an alleged group of distinguished Colombian businessmen were made.

- According to sources in the Prosecutor General's Office, Botero stressed that Medina was told to continue discussing this issue with personnel in the debate department and to raise whatever funds he could to round out the financing for the second round of balloting. In other words, Medina was given the responsibility of seeing to the financial front.

- The former minister also said that he was certain that a contribution of $50,123 was received from the Mitsui company. As for the photocopy of a $70,000 check written by Mrs. Maria del Pilar Espinosa de Gnecco (connected with a document in a presidential campaign folder marked "revenues 30 May to 4 June 1994"), Botero contended: "This check never went through my hands; it was never recorded in my accounts..."

- The presidential campaign was apparently a genuine disaster from the standpoint of financial and managerial organization. Botero told the Prosecutor General's Office that it was his intention to observe the ceilings established by the National Electoral Council and that in order to determine whether they were observed or not, he would have to review the campaign books, in particular several accounts that they were not able to legalize completely by the end of the presidential campaign.

- When Botero was asked about cashier's checks that the Banco Popular issued in the amount of 50 million pesos each on 23 May 1994 to Oscar Serna and that were listed among the revenues from 30 May to 4 June 1994, he said that he did not know Mr. Serna and that he had never seen these checks. He then reiterated that the treasurer was solely responsible for campaign financing.

- He also stated that he was unaware of contributions in the form of cashier's checks totaling 235 million pesos.

- As for the tape that Father Bernardo Hoyos heard, on which mention was made of the "painter's son," he said that since around that time he was pursuing the leaders of the Cali cartel, they may have wanted to thus discredit the then defense minister.

- Botero also said that his monthly income was seven million pesos, from his salary as minister and from the yield on shares that he owns in Bavaria, Cemento Argos, Cartagena del Rosario, and Inversiones Patrimonio S.A. He says that he has loans for some 300 million pesos, several bank accounts in Colombia, and accounts in the United States, specifically in the Morgan Bank, the Bank of New York, and Barclay's Bank.

- How did Santiago Medina hook up with the Samper campaign? According to Botero, he was recommended by former President Julio Cesar Turbay Ayala.

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- And how were funds raised for the campaign? During the first stage of the campaign, the treasury, Botero told the Prosecutor General's Office, was run by Monica De Greiff. But when she first started working, she retained her position in Shell, and as a result the treasury was unable to take significant action during the early months of the campaign. In the face of the financial limitations that were emerging, the campaign decided to create two bodies to support De Greiff's efforts. The national finance committee was created; it consisted of the campaign officials who had the best chance to raise funds. This committee was disbanded, however, because it failed to perform as expected. It operated for several weeks until the conclusion was reached that a single fund-raising body would be more effective: a national finance committee coordinated by the treasurer.

- As to the controversial meeting of Samper campaign officials in Alberto Giraldo's apartment, Botero confirmed that Samper, Humberto de la Calle, Eduardo Mestre, and General Maza Marquez were present.

- And what did Juan Manuel Avella tell the Prosecutor General's Office? He insisted that when the second round of the presidential balloting began, the campaign was in quite precarious financial shape. "What was reported to the Electoral Council was 3.8 billion pesos as of March and June. It was in late May that we started noticing that we were running a deficit." According to Avella, he told Botero so.

- Avella says that the maximum campaign contribution was two billion for the first round and two billion for the second. When he was asked whether they had reached the ceiling by the close of the first round, he said that if they had not, they were extremely close to four billion pesos.

- According to Avella, when Botero brought him into the campaign, he told him that it was to head the association that would manage the finances. Avella clarified that when the association is said to have managed part of the campaign funds, it is because it never had control of the money that was being handled regionally.

- He emphasized that Medina had remarked to him that he was going to list on a weekly basis the contributions that he received from third parties and that several times he signed off on such lists for Medina, but he pointed out that not everything that appears on these lists was handed over to him.

- According to a source in the Prosecutor General's Office, Avella said: "I basically signed off on what Santiago told me he had already handed over to third parties. I remember a contribution from the Mitsui company that Santiago told me he had already handed over directly to Fernando and that he never had any reason not to believe what Santiago was telling him" [as published].

- Mitsui's contribution to the campaign, according to the Prosecutor General's Office, was $50,123 and never appeared in the campaign books. Avella indicated that he did not know where it wound up.

- The commission of prosecutors asked Avella whether he had received contributions collected by first lady Jacquin de Samper. When Avella replied that he had not, the prosecutor showed him a copy of a list marked "revenues from 11 to 14 April 1994." Avella then said that he wanted to relate that as he was numbering the documents connected with expenditures, he came across a copy of a check that said: received by Jacquin de Samper. He insisted, however, that it was not his handwriting and therefore that he could not say whether Jacquin de Samper actually received it.

- When Avella was asked to which persons the contributions that Medina received were delivered, he said that Medina himself had remarked to him that it was Botero or the candidate himself. Avella clarified that he never confirmed with them whether Medina had handed over the contributions.

- As for Maria del Pilar de Gnecco, Avella asserted that Medina told him that she was a relative of the candidate. He added that he found out through the mass media about a contribution from her that had not been entered into the accounting books but of which he never took receipt.

- When a prosecutor handed Avella a copy of a document recording a $30,000 contribution from Mrs. Gnecco, he said that it was indeed his signature but not his handwriting and that this was the donation that Medina told him he had delivered to someone else.

- Mauricio Montejo confirmed to Avella that Alberto Giraldo was the one who paid him in cash, with a discount, what the campaign owed him. According to Prosecutor General's Office sources, Santiago

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Medina several times gave Avella cash which Avella used for petty expenditures totaling more or less 45 or 50 million pesos.

- When a prosecutor showed Avella a receipt dated 10 June 1994 noting a 20-million peso payment from the Samper campaign to Alberto Giraldo to meet campaign expenses, Avella replied that he had no idea what he was looking at.

- As for other campaign payment receipts, Avella said that the payees were regional treasurers but that he did not know where the money, which was apparently cash, came from.

- Regarding Elizabeth de Sarria, he said that he did not know her but that when he made a photocopy of the revenues, he found a voucher for a 35-million peso contribution, by check, in her name. "I don't recall who gave it to me. It could have been the treasury."

- According to Avella, the campaign was completely disorganized internally, as everybody was authorizing outlays for publicity, printed matter, and trips. He indicated that even when attempts were made to establish administrative controls, there was too much disorganization and authorization of expenditures by third parties.

- Prosecutor General's Office sources say that Avella indicated that Medina's reports listed cash. According to sources in the office, he also said: "As Fernando, Juan Manuel Turbay, and Santiago himself told me, I was supposed to handle that money as petty cash; they told me that it was customary in political campaigns and that it should not be included in the accounts. We are talking about some 45 million pesos in cash that Santiago gave me...I never considered that not entering this petty cash into the accounts, as they had told me to do, could constitute a crime."

- According to Avella, he also received petty cash from the treasury and after trips. When asked which officials raised funds, he said: "Monica and Santiago, in the case of the seminars, were the people from the business headquarters, of which the campaign ethics supervisor was in charge. There were other times too, such as the case of Juan Fernando Cristo, who handed me a check, and Fernando Botero."

- According to sources at the Prosecutor General's Office, the following point was made during the analyses conducted to resolve Botero's legal situation: The commission of prosecutors does not have the slightest doubt that the campaign of the man who is president today urgently needed to raise funds to defray the expenses entailed in the approaching second round of balloting. During those difficult economic times, the campaign had to seek whatever support it could, without giving much consideration to its source. This was what probably happened when Botero sent campaign treasurer Medina to Cali to obtain four billion pesos from people who were acknowledged publicly as representatives of a criminal narcotics trafficking organization. There was an unequivocal, clear-cut precedent for this move, as towards the close of the first round of balloting newsman Alberto Giraldo, who agreed to be that organization's emissary, was authorized by the presidential campaign to pay 190 million in cash to one of its advertisers.

- As far as the Prosecutor General's Office is concerned, Botero has not invalidated the stunning charges originally arising from Medina's testimony. As a result, Botero was ordered to be placed under preventive arrest. In the view of the Prosecutor General's Office, there are also several pieces of evidence that the Rodriguez Orejuela brothers, owing to their personal interest in the electoral race, decided to contribute a huge sum of money, which was handled in cash and secretly.

- The Prosecutor General's Office emphasizes that we know more than ever today about these individuals' ties to drug trafficking, not only thanks to the many charges on which they have been arrested but also owing to the prosecution of Miguel Rodriguez and Gilberto Rodriguez' confession. In other words, as far as the Prosecutor General's Office is concerned, we can say that the money comes from drug trafficking or at least from activities that violate Law 30 of 1986.

- According to the Prosecutor General's Office, the assertion that it was the campaign or the Modern Colombia Association as a corporation that became rich from the sizable amounts of cash does not prevent filing of the charge that a third party also got rich. The reason is that the money was donated to allow campaign officials to purchase advertising, logistics, etc. to make for a successful campaign.

- In the view of some sources in the Prosecutor General's Office, this represents an unjustified increase in assets due to money from drug trafficking or

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related activities, thus substantiating the charges against Botero.

- The defense's strategy has been to try and convince the commission of prosecutors that the accused had absolutely nothing to do with the activities of the campaign directors, specifically the individuals who compiled and submitted the accounts and final reports or the people who went about (supposedly on their own) raising the necessary funds.

- According to the Prosecutor General's Office, Botero's claim that he was uninvolved in administrative and financial matters is preposterous, inasmuch as such a passive role of ineptitude and laziness is incompatible with the obvious intelligence of the defendant (the former minister), whose skill in giving evasive answers to the most difficult questions during the interrogation was, according to the Prosecutor General's Office, "masterful."

- In summary, the view of the Prosecutor General's Office is that even if we accept the claim that tasks, positions of responsibility, spheres of jurisdiction, and all of the things that the defendant mentions were distributed among many people, we must bear in mind that the activity of the campaign as a business was directed and coordinated with primary decision-making power by Fernando Botero, who even had the opportunity and sufficient authority to tell Juan Manuel Avella that some of the contributions (the ones that Mauricio Montejo described as "payments by third parties" and investments in cash) would not be entered into campaign account books.

- According to the analyses conducted to define the legal situation of former Defense Minister Fernando Botero Zea, the campaign of which he was chief violated Law 130 of 1994 (the political parties statute) and raised funds from a source that we all know about. Since Botero Zea was the person who actually made the decisions about the money from drug trafficking kingpins, he is to blame and accordingly will be held in custody.

Campaign Contributions Said Not Reported

95SM0513A Santa Fe de Bogota EL TIEMPO in Spanish 14 Sep 95 p 8A

[FBIS Translated Text] A donation of 250 million pesos issued by the Colombian Hydraulic Dredging and Works Company, Coldragados, Inc., to Ernesto Samper Pizano's presidential campaign does not show up in any of the Liberal campaign's accounts.

Of the total multi-million peso contribution (300 million pesos), only 50 million appear recorded in the account books that the campaign turned over to the Treasury Director's Office and the National Electoral Council.

The money was delivered to various members of the Liberal campaign directly by the financial manager of Coldragados, Inc., Wilfredo Cardozo Salazar.

As Cardozo told this newspaper, there is a record of each of the disbursements made by the company during 1994.

Furthermore, the 50 million pesos declared in the account books are distributed in three checks from the Banco Mercantil [Commercial Bank], and were issued on 28 February of last year.

The first of them, for 20 million pesos, is identified with number 8302340. The second, for 10 million pesos, is number 8302354; and the third contribution, of 20 million pesos, was made with check number 7542921.

These same checks also appear in the detailed personal accounts of the ex-treasurer, Santiago Medina, whose records made note of the Tax Identification Number (NIT) of the donor individual or body corporate, the date of issue of the money, the date of deposit in the campaign, the security instrument number, the bank name, and the exact amount of the donation.

Moreover, the Investigative Unit (UI) learned that Coldragados, Inc., also donated 15 million pesos to the Friends of the Environment Association, an ecological organization headed by the nation's new first lady, Jacquin Strous de Samper. Nevertheless, this donation does not appear in the ecological organization's books, which are currently held in the Regional Prosecutor's Office.

In this regard, the financial manager of Coldragados, Inc., assured the UI that, "Through Marco Tulio Gutierrez, the 23rd Notary of the Bogota District, 15 million pesos were turned over to assist in the construction of a park."

Cardozo's story was confirmed by the owner of Coldragados, Inc., Todd Steve Faugh, who, in a telephone conversation with the UI, acknowledged the donations made to both the Samper campaign and the Friends of the Environment.

And, although a donation in the name of Marco Tulio Gutierrez appears in the ecological association's account books, it amounts to only 14 million pesos.

In this connection, the legal representative of the Friends of the Environment Association, Fabio Duran Cadena,

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claimed: "If it is not entered in the accounting documents, it was not received." The documentation supporting the contributions made by Coldragados, Inc., was requested by the National Electoral Council, an agency that is investigating both the outlays and income of the presidential campaigns.

The loss of donations had already been charged by the UI (on 30 August), when a shortage of 20 million pesos associated with a contribution made by Integrated Companies was detected.

On that occasion, the facsimile of the check, the deposit certificate issued by the campaign and signed by Fernando Botero, and the testimony of the company's manager, Isaac Mildenberg, who confirmed the amount of the donation, were annexed.

A similar charge was made of a possible forging of the signature of Miguel de la Espriella, who, according to a document issued by the campaign, received a contribution of 150 million pesos to cover expenses associated with the promotion of the campaign in the department of Cordoba.

At that time, De la Espriella told EL TIEMPO that he had received only 90 million pesos in cash (directly from a campaign emissary): "I have reason to believe that my signature and identification number were forged." This means that another 60 million pesos are missing.

More Lost Money

Nevertheless, these are not the only cases of donations that do not appear in any account, but were, in fact, issued for the electoral contest.

Three checks from the Bank of Caldas, issued in the names of ex-Minister Fernando Botero Zea and the now secretary general of the presidency, Juan Manuel Turbay, do not appear recorded in the official account books either. However, the three security instruments (for 13 million pesos) bear the signature indicating receipt by the campaign's administrative director, Juan Manuel Avella.

The first of them, issued on 28 February 1994, is for 5 million pesos. The issuers are Alfredo and Gustavo Aponte, and the beneficiary is Fernando Botero Zea. The second check has the same date as the preceding, the same beneficiary, and the same issuers. Nevertheless, the amount is only 3 million pesos.

The third security instrument, in the name of Juan Manuel Turbay, is for 5 million pesos. The check number is 201928, of the Bank of Caldas, and Alberto Gomez Gomez appears as issuer.

These checks do not appear recorded in the personal accounts of the campaign's ex-treasurer, Santiago Medina, either.

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